

तमसो मा ज्योतिर्गमय

SANTINIKETAN
VISWA BHARATI
LIBRARY

338.5

T61h

V. I & II

TOOKE AND NEWMARCH
A HISTORY OF PRICES
AND OF THE STATE OF
THE CIRCULATION

TOOKE, AND NEWMARCH
A HISTORY OF PRICES
AND OF
THE STATE OF THE CIRCULATION
FROM
1792 to 1856

Reproduced from the Original

WITH AN INTRODUCTION BY
T. E. GREGORY, D.Sc.
PROFESSOR OF BANKING AND CURRENCY
IN THE UNIVERSITY OF LONDON

LONDON
P. S. KING AND SON, LTD.
ORCHARD HOUSE, WESTMINSTER.

PRINTED IN GREAT BRITAIN BY PHOTOTYPE LTD., BARNET, HERTS.

INTRODUCTION

THE AUTHORS AND THEIR WORK

THE special place which is occupied in the history of English economic writings by Tooke and Newmarch's *History of Prices and the State of the Circulation* was very early recognised. Sixty years ago, Stanley Jevons, then just beginning his brilliant career as economist and statistician, and not as a rule inclined to estimate too highly the importance of the work of his immediate predecessors, described it as a "unique work, of which we can hardly over-estimate the importance."¹ Nor was the fame of the two chief collaborators—of the others a word later on—in any way posthumous. Both were among that very select band of economists which numbers among it Malthus and Jevons but excludes Ricardo and Edgeworth and Alfred Marshall, who were Fellows of the Royal Society. Within the charmed circle of the Political Economy Club (which Tooke did much to found)—a body which in earlier days, before professional economists had become the numerous group they are to-day, played a unique rôle in the dissemination of doctrine—Tooke and, to some extent after his death, Newmarch occupied a position of exceptional authority, not always to the satisfaction of those who disagreed with them.² No Parliamentary Committee

¹ *The Variation of Prices and the Value of the Currency since 1782* (1865), reprinted in *Investigations in Currency and Finance*, new edition, p. 112.

² *Vide e.g.* Lord Overstone's letter to G. W. Norman of 1852, "But beware, Tooke and some followers of his are getting an undue predominance in the Club, and they will ruin it if we do not take care what we are about." Vol. VI. of the *Minutes of Proceedings, etc., of the Political Economy Club*, London, 1921, p. 307. For some suggestive remarks on Newmarch by Mr. H. Higgs, *op. cit.* pp. 350-51.

of Inquiry into the Currency and the Bank Acts, from the Resumption Committees of 1819 to the inquisitions into the working of the Bank Acts in the 'fifties, was complete without an exhaustive and, at times, it must be confessed, an exhausting hearing of one or other of the two. In addition, Tooke was Chairman of the Children's Employment Commission and a member of the Factory Commission; Newmarch was the inventor of the *Economist* Index Number and the compiler of the *Annual Commercial History*, which that journal began to publish in 1863, as well as a leading figure in the Royal Statistical Society. Tooke's services to the cause of Free Trade, as the draftsman of the celebrated Petition of the London Merchants in 1820, are well known, and a full account of this historical episode will be found in the last volume of the series (Vol. VI. Appendix I.).

What makes the joint work of these two men still more remarkable was the fact that they were both active men of business and not professional scientists or, like Ricardo, retired and wealthy amateurs of their subject. Tooke, born in 1774 under the old regime of the eighteenth century and dying at a patriarchal age in 1858, was successively a partner in the firms of Stephen Thornton and Co., and Astell, Tooke and Thornton, Russian merchants, and was Governor of the Royal Exchange Corporation and a Director of the St. Katharine's Dock Company. His social standing was higher and his opportunities for leisured reflection were greater than those of Newmarch (1820-1882), self-educated, first a bank clerk, then journalist on the staff of the *Morning Chronicle*, secretary (through Tooke's assistance) of the Globe Insurance Company, and, from 1862 onwards, secretary of the well-known banking firm of Glyn, Mills, Currie & Co. That these men should have been responsible for a series of volumes containing 3000 pages of print, and embodying, especially in the last

volume, not only a continuous narrative, but also a number of specialised inquiries involving immense labour, remains an extraordinary feat, even if it is borne in mind that the publication of the work was spread over a period of eighteen years (embodying work covering a much longer period even than that) and that the volumes are not free of a certain measure of repetition—and not always unavoidable repetition at that.

The first portion of the *History* (constituting Volume I of this re-issue) appeared in two volumes in 1838. This covered the period from 1792 to 1837. A new volume appeared in 1840. This purported to deal only with the two crisis years 1838 and 1839. In 1848 there appeared a further volume—the last with only Tooke's name upon the title-page—bringing the history down to 1847; the last two volumes, covering only the ten years since 1847 but comprising the greater portion of the work as a whole (nearly 1600 pages out of a total of 2800, exclusive of the index to the whole), appearing as a joint product in 1857, a year before Tooke's death.

This disproportionate treatment of the various sub-portions of the total period covered should in itself warn the reader of the real purport of the volumes. Tooke and Newmarch were, in fact, far from being "pure" economic historians, to whom tragedy would be represented by an argument veiling the direct appeal of naked fact. They were historians, but they were historians with a purpose, and that purpose was to pursue, and if possible to destroy, the economic theses to which they were opposed. That Tooke changed his mind in the course of time is irrelevant from this point of view; that the dogmas attacked in the last four volumes are not precisely the same as those assailed in the first three is due to the efflux of time; in essence Tooke began and remained a critic of certain views of the economic life of his times. History, in the

modern sense of an impartial survey of the ground, these volumes certainly are not: they may more fully be described as the first systematic utilisation by economists of historical material for the establishment of economic truth. And it is just this fact which gives these volumes their special appeal to-day. For in the last fifteen years history has, as far as possible, repeated itself, and the "State of the Circulation" which preoccupied Tooke is only the early Victorian rendering of our more modern phrase "Inflation and Deflation," with all that it connotes of social consequence and economic meaning.

If the economic and, in particular, the monetary problems which we are facing to-day have a startling resemblance to those which were the subject-matter of contention for two generations a century ago, the experiences of the Napoleonic and post-Napoleonic days has an interest for us in two respects. The two periods illumine one another, and we can pass from the depreciated exchanges of 1797-1819 to those of 1914-1925, or from the controversies preceding the passing of the Bank Act of 1844 to the question of the amalgamation of the Bank of England and Currency Note issues, or back from these latter-day questions to those earlier ones, with the feeling that our comprehension of the past and present is increased by comparing one with the other.

But these volumes have a renewed interest in another, and perhaps more narrowly technical, respect. The interpretation of the events of the period covered by these volumes—both the earlier and the later ones—gave rise to an intellectual conflict in which now one side, now the other, seemed for a time to have carried off the final victory. In the sphere of legislation Tooke's school was decisively beaten, and, in the last decade of the nineteenth century and the earlier decade of the present one, the Ricardian interpretation of the Restriction period was

almost generally accepted : ¹ the expediency of the Bank Act of 1844—itself in the last analysis a product of Ricardian ideas—was no longer questioned. The monetary disturbances of the War period have seemed to the majority of economists to yield additional confirmation of the Ricardian standpoint. But now again there is to be noted a swing of the pendulum. Recent American writing—in particular the work of Silberling and of Angell—is reviving a point of view critical of the doctrines which, in their more extreme form, at any rate, Tooke from the very beginning attacked; whilst the writings of Keynes and Hawtrey, laying emphasis upon the importance of credit control rather than upon currency control, have started the reaction against that Bank Act of 1844 which Tooke and Newmarch alike so bitterly and persistently attacked. The reader of these volumes will find, in fact, that “New Presbyter is only old Priest writ large,” and that the controversies which bulk so largely in these pages are in essence those which intrigue us at the present time.

SOURCES AND CONTRIBUTORS

The form of these volumes, it must be confessed, leaves a good deal to be desired. There is repetition; there is prolixity; there is some want of organic balance. Tooke's style is a florid and heavy one,² that of Newmarch—modelled, perhaps, on that of the older man—is not very much better. For the first-mentioned faults it is easy to find explanations: the style is really characteristic of the men and of their way of thought—laborious, pains-

¹ But for a contrary view, *vide* the well-known preface contributed by Professor H. S. Foxwell to the English translation of Andréadès' *History of the Bank of England* (1909).

² He seems to have spoken as he wrote. “Tooke,” wrote J. L. Mallet in his Diary under date of April, 1835, “who has probably the greatest stock of information and the soundest opinions, is diffuse, hesitatingly drawling in the greatest degree,” *Proceedings, etc., of the Political Economy Club*, Vol. VI. p. 268.

taking, fonder of multiplying instances than of stating clear-cut principles, and perhaps a little overwhelmed by the material at their command. Both men were prolific writers; the endless stream of statistical information and of argument and counter-argument which characterised the conflicts over the Corn Laws, the Tariff, the Currency, the Bank, the future of Prices and of the Rate of Interest gave rise to a long series of pamphlets, tracts and articles. What easier than to incorporate these into the *History of Prices*? And thus materials and arguments which had been utilised for Tooke's *Thoughts and Details on the High and Low Prices of the Thirty Years from 1793 to 1822*, his first and substantial work (1823; 2nd ed. 1824), in turn again used, in part for his *Considerations on the State of the Currency*, 1826, and for his two tracts of 1829, the *Letter to Lord Grenville on the Effects ascribed to the Resumption of Cash Payments on the Value of the Currency*, and *On the Currency in Connexion with the Corn Trade and on the Corn Laws*, were pressed into service for the earlier (to my mind the most systematic) volumes of the history. A large part of the third (original) volume is occupied by citations from, and refutations of, speeches by Hume and pamphlets by G. W. Norman and S. J. Loyd (Lord Overstone). The fourth volume is largely occupied with a discussion of the issues already treated by Tooke in his *Inquiry into the Currency Principle*, 1844 (thought by McCulloch to be "decidedly the ablest tract in opposition to the recent measures"¹), and includes the greater part of the evidence which he gave before the Committee of Inquiry into Banks of Issue in 1840. The last two volumes, which are mainly the work of Newmarch, incorporate, so far as the Fifth Division of the work is concerned, Tooke's pamphlet, *The Bank Charter Act of 1844: its Principles of Operation*, etc., issued in 1856, when Tooke

¹ *Literature of Political Economy*, p. 184.

was well over eighty. Newmarch also incorporated previous work : his investigations into the effects of the new supplies of gold and his inquiries into the circulation of bills of exchange,¹ and other writings. It is inevitable that the authors should at times have yielded to the temptation of bare citation of long passages from previous work and that a certain want of balance should be shown.

There are two further aspects of the work which must be considered here : the contributions furnished by Mr. James Pennington, and the manner in which the purely statistical portion of the work is treated. Of James Pennington the vivacious J. L. Mallet has provided an admirable sketch; he is a "man who will go on in the same monotonous tone through all the mazes of the most elaborate and complicated argument. He is more like Babbage's machine for working out logarithms than anything else I know, incapable of any mistake in the connection and proper series of his ideas, but impossible to follow unless you could put your understanding in the same box."² Pennington's contributions are of the first importance, for they embody in a succinct and remorseless style the germs of the modern theories of the nature of bank deposits, the object being to "show that the book credits of a London banker and the promissory notes of a country banker are essentially the same thing; that they are different forms of the same kind of credit, and that they are employed to perform the same functions"³ (Vol. II. p. 369). His first appearance in Tooke's writings was in 1829 (in the Appendix to the *Letter to Lord Grenville*); Torrens' alleged misunderstanding of his argument led to

¹ *The New Supplies of Gold*, London, 1853; *Journal Royal Statistical Society*, Vol. XIV. pp. 143 *et seq.*; "On the Recent History of the *Crédit Mobilier*," *ibid.*, Vol. XXI. pp. 444 *et seq.*

² *Op. cit.*, p. 269.

³ He performed the same service for Torrens as for Tooke *vide* Appendix No. II to the former's *Letter to Lord Melbourne* etc., 2nd ed., 1837.

a restatement of his position in 1838; in the 1840 volume he was responsible for a communication relating to the probable working of the separation of the Departments at the Bank of England, a proposal then already actively canvassed.

For assistance in the compilation of the actual statistical tables Tooke drew on the services, at different times, of A. Hinrichs (in the case of the *High and Low Prices*), of M. L. Merac (in the first instalment of the *History*, viz., down to 1837), of J. T. Danson (fourth and sixth volumes) and, of course, of W. Newmarch. In the third volume of the original series two sets of data are given, viz. a selected list from Burgess' *Circular to Bankers*, comprising twenty-two articles divided into fifty-six different qualities, and comparing prices in December 1838 with December 1839 (Vol. III. Appendix B, p. 296); whilst the series of tables originally constructed by Hinrichs and Merac are continued for the two years covered by the volume on the same basis as theretofore. The sources from which the quotations are drawn and the method of quoting adopted are fully explained by the compilers on pp. 394-95 of Vol. II.: Danson's explanations will be found on p. 425 of Vol. IV. and pp. 489 *et seq.* of Vol. VI. Changes in the commercial importance of some articles, the disappearance of some and alterations in the quotations of others, led, in the course of time, to certain relatively unimportant substitutions, but in essence the price-series remained what it was at the beginning—a collection of absolute prices taken from certain "Price Currents," showing the range between highest and lowest at any given moment and giving, as a rule, a set of four quotations for the year. Hinrichs constructed his tables on the basis of selecting "the quotations of the first and last months of each year, with the intermediate fluctuations where the rise or fall has not been progressive;" Merac's four quotations were

based on the single weeks "approximately succeeding the revenue quarter in each year respectively"; Danson's prices are "taken in the first weeks of January, April, July and November respectively, or at the periods nearest to those a quotation of the article in question could be found." In general, the prices are given in bond. But two important questions remain to be answered. In the first place, To what extent are the price quotations selected *directly* representative of the domestic price level? Now, wheat and other cereal prices are separately stated and form no part of the series of price quotations first described: wage statistics are only infrequently given. Confining our attention to the regularly quoted series, it will be found that of forty-eight different quotations given, covering twenty-nine different commodities, only the following represent British products: Pig-iron, Tin in Bars, Lead in Pigs, Copper Cakes, Yearling Hops. To these may be added Irish butter and Mess-beef and the separately stated cereal prices. Broadly, only between one-sixth and one-seventh of the prices are directly representative of the trend of the domestic price level: the others are internationally traded commodities the prices of which are liable to be affected by influences operative abroad as well as by factors determinative of British purchasing power.

His choice of articles was, no doubt, due in the first instance to the limitations of the statistical material available.¹ But the question remains, how far Tooke's general line of reasoning led him to this particular selection of commodities, or how far the selection actually made led him to a line of reasoning which a different choice of quotations would have modified. The issue is mainly important

¹ Prof. Silberling, in his *British Prices and Business Cycles, 1779-1850* (*Review of Economic Statistics*, Oct. 1923), uses for his Group A curve eleven British prices, whilst his table of rejected commodities on pp. 248-49 shows that for certain periods a still larger number might have been selected.

for its bearing on the period 1797-1819. Tooke held that the influence of the currency factor was exaggerated that the influence of the seasons, of interruptions to normal commercial intercourse, of the "state of supply and demand," as affecting particular commodities, was habitually underrated by the "Bullionist" group. Now the large part played by international commodities, which were (apart from wheat, which was indirectly affected) directly affected by the state of war, in Tooke's price quotations, may seem to validate a line of argument which, if a larger group of purely domestic products had been taken, would have appeared less reasonable.¹

What must strike the modern reader as strange is the failure to introduce the device of index-numbers for the purpose of more ready manipulation and comparison of the figures. This is the more extraordinary since the device was already known and was actually employed by writers quoted by Tooke, in particular by Joseph Lowe² and by G. R. Porter,³ not to mention other writers whose efforts have been disinterred by modern historical statisticians. In the currency controversies of the Restriction period the concept of a scale or index was perfectly familiar, and was, of course, known to Tooke.⁴ Newmarch himself adopted the device later on for the "*Economist's Commercial History*."⁵

¹ Cf. W. S. Jevons, *op. cit.*, pp. 122-23.

² *The Present State of England in regard to Agriculture, Trade and Finance*, 1822, pp. 261-91.

³ *The Progress of the Nation*, 1838, pp. 236-37.

⁴ "The amount of discounts, as well as of the cash and bullion in the coffers of the bank, has hitherto been studiously kept by the directors from the view of the public. They were, indeed, obliged to furnish to the Parliamentary Committees in 1797, 1810 and 1819, some data upon which to form an opinion of the degree of variation, which had occurred under the above heads, but this information was given in as mysterious a form as possible: viz. that of a scale. . . ." *Considerations on the State of the Currency*, p. 78, note.

⁵ For the early history of this index-number *vide Bulletin of U.S. Bureau of Labour Statistics*, No. 173, pp. 261 *et seq.*

It is, of course, wasted labour to attempt an explanation of this omission. Even if no attempt had been made to provide a *general* index-number—such as Jevons constructed in 1865 mainly on the basis of the figures provided by Tooke—there cannot be any doubt that the comparability *inter se* of the price quotations furnished would have been greatly increased by their being stated in ratio form—adjusted, that is, to a given base year. The only possible defence is that Tooke and Newmarch were in reality more interested in the dialectical than in the statistical treatment of the subject. But, as it was, the absence of index-numbers probably helped to exaggerate the importance, in Tooke's mind, of the non-monetary factors which were involved, especially in the Restriction period, which first gave occasion for the writing of the work.

THE FLUCTUATION OF PRICES

The main themes with which the successive volumes are concerned fall into four main groups. Throughout the whole series particular attention is devoted to the factors—especially the influence of the seasons—determinative of the prices of cereals and, in the first instance, especially the price of wheat. Throughout, that is to say, cereal prices are contrasted with other prices and, though these other prices themselves are made the subject of comparison and analysis *inter se*, the leading antithesis remains that between cereal and non-cereal prices—a line of cleavage which is not necessarily best calculated to elucidate the relation between prices in general and the volume of purchasing power. The second main theme is the effect upon prices and on the foreign exchanges of, first, the Restriction of Cash Payments and then of the Resumption of Cash Payments after 1819. The third main line of inquiry is the influence of Bank of England policy, which

leads gradually to the fourth main division of the field : the expediency of altering the constitution and note-issuing powers of the Bank, together with the consequences which are held to have resulted from the steps actually taken. Following on these principal topics are a group of subsidiary inquiries : into the Corn Laws and the tariff generally, into the expansion of the railway system, and into the actual and ultimate effects of the new supplies of gold, which, after 1848, were co-operating with the railways and Free Trade to alter the whole complexion of economic affairs. These subsidiary inquiries are logical extensions of the subject matter. The lengthy inquiries into French banking and credit policy, and the historical material relating to the price of wheat and the production and influence of the precious metals in the past, are useful but not indispensable supplementary matter.

A discussion of these main themes, even in outline, requires as a preliminary some mention of Tooke's general attitude of mind : his approach to the type of problem presented by these events and controversies. Too much emphasis can easily be placed on his conversion—relatively late in life—to the unvictorious side in the controversy over the Bank Charter Act. He *never* was a strict Bullionist, and, in fact, from his very earliest writings, deprecated the extremes to which he thought that this point of view had been pushed. His attitude was, from the first, eclectic, and his eclecticism, no doubt in the first instance a matter of temperament, was strengthened by his experience of affairs and by his methods of investigation. But if his general economic standpoint is to be summed up in a single sentence, it can be put thus : the most marked feature of economic life is the tendency of economic self-interest to exaggerate the swing of prices above and below the true equilibrium point. From the earliest to the latest of his writings this remains the key-

note of his economic philosophy, but he changed his ideas as to the degree to which monetary factors were a cause accentuating, or an effect depending upon, this ineluctable economic phenomenon. In the *Thoughts and Details on the High and Low Prices from 1793 to 1822* this principle is set out more clearly and systematically than in the later writings, though it is by no means difficult to find confirmatory passages throughout Tooke's work. Section VII of the *Thoughts* is devoted to an "Explanation of the Causes of the Extension and Contraction of Private Paper and Credit." Private paper expands and contracts with circumstances, giving rise to "a spirit of speculation and over-trading," and these circumstances "are scarcity, or, in other words, deficiency of the supply of some important article or articles compared with the average consumption, and the opening of new and extensive markets, or, in general, of any new sources of demand." The most important form of scarcity in this connection is a shortage of agricultural produce, because this increases lending by the country banks and thus actually results in an increase in the circulating medium, but the "same effect of generating an increased amount of private paper and an increased disposition to substitute credit for currency, is observable in the case of a casual deficiency of any other articles of general consumption." The opening of new markets, again, results in a multiplication of "bills of exchange and promissory notes," and possibly in increased discounting at banks, but "independent of the paper created on such occasions . . . there is a further effect produced on prices . . . by an extended substitution of mere credit in transactions of purchase and sale in some branches of trade, in which it is not usual to deal through the medium of acceptances; and it is clear that an increased use of credit, for the purposes of purchase, may operate on prices as effectually without, as with, the intervention of,

paper." But "whenever the extension of private paper has been great and sudden, the reaction is inevitable." Consumption declines through higher prices, or substitutes are employed; prices cease to rise, and then, "a favourable season, a large importation, or both together, give a decided impulse downwards." The banks start calling in advances and the weaker banks fail: even the London bankers, "on such occasions, participate in the alarm and increase their reserves of cash. Thus a complete inversion may be easily conceived of the process by which the previous increase of paper and activity of circulation had been produced." Thus, though a currency "consisting, as ours does, of a considerable portion issued through the medium of credit, is subject to great variations," and though these variations "tend to extend the range, and to accelerate the rate, of the consequent fluctuations in price," yet the variations themselves originate in most cases "in a spirit of speculation and the reaction from it." ¹

In later chapters of the same work Tooke explains the principle ² "by which it is found that prices of most commodities, and of corn more especially, vary in a much greater ratio than that of the mere deficit or excess of quantity," whilst the importance of *anticipation* is also stressed. "It is through the medium of contingent or prospective supply that any great alteration in the cost of production, if generally known or anticipated, has an immediate effect on prices before any alteration in the quantity at market can take place. This contingency, in most cases, affords latitude for the exercise of the most erroneous opinions. According as these tend to exaggerate

¹ *Op. cit.*, pp. 63-8.

² *Op. cit.*, pp. 283, 329. It is "the struggle of every one to get his accustomed share of that which is necessary for his subsistence, and of which there is not enough or so much as usual for all."

eventual scarcity or abundance, will be the extent of over-trading and speculation for a rise of prices beyond the real occasion or the stagnation and under-trading which occasion a depression below the proper level. It requires occasionally an interval of some length to bring to any test the miscalculations of individuals, whether in exaggerating or underrating the proportions of demand and supply of any particular commodity." ¹

Similarly, in the *History*: "As, according to the general laws which govern markets,² such articles as have risen beyond the due level, from an exaggerated demand, or, in other words, from anticipation of higher prices on grounds not warranted by a correct appreciation of the proportions of supply and demand (such exaggerated anticipations of demand being favoured by an undue extension of credit), usually fall in nearly an equal degree below that level; so, when any particular market has been depressed by a failure of credit, and by an exaggerated apprehension of further fall, there is a rebound which not infrequently proves to be beyond the occasion." ³

This line of argument, at the most, amounts to a theory of price fluctuation; but it is not equivalent to a theory of cyclical fluctuation. The concept of a definite, predictable, rhythmic movement of *all* prices cannot, I think, be deduced from these passages. It is even doubtful whether Tooke had a clear idea of the relation between good and bad crops and the state of trade generally: he is clear that the "advocates . . . for the agricultural claims, which, if they were admitted and could be made operative to their full extent, would artificially perpetuate the effects that could otherwise arise only from the sterility of the soil or the unpropitiousness of the seasons, seem to confine their observation of the consequence of the high

¹ *Op. cit.*, p. 334.

² Italics not in original text.

³ Vol. III. p. 55; cf. *ibid.*, pp. 250-51, and Vol. II. p. 214.

price of provisions to the direct and obvious advantages resulting from the increased sum to be distributed among the farmers and landlords," and fail to see that "the increased income distributed among the agricultural interest must, with the exception of the increased expenses incurred by the landlords and farmers in their quality of consumers, be at the expense of the other orders of the community." ¹ On the other hand, it is not easy to read into his remarks on the relations between lower wheat prices and an improved standard of life ² any recognition of the opposite argument, that good harvests are a *cause* of industrial boom. In another passage he argues against those who think that "an increase of consumption arising, whether from cheapness or from increased employment of the working classes, in consequence of a flourishing as contrasted with a dull state of trade and manufacture, could form any considerable proportion to the excess of a superabundant harvest." ³ The causal sequence between the state of the harvest and the condition of industry is here left very vague.

THE ULTIMATE CAUSES OF PRICE CHANGES

In the views Tooke held as to the prime causes of industrial fluctuations he did not, in his earlier writings, differ very much from the attitude of those whom he was, later on, to oppose ⁴ on the question of the management of

¹ *History*, Vol. I. pp. 16-17.

² *E.g. op. cit.*, pp. 60-1.

³ *Op. cit.*, p. 19.

⁴ *Vide e.g.*, Overstone's Letter to J. B. Smith: "Fluctuations in the amount of the currency are seldom, if ever, the original and exciting cause of fluctuations in prices and in the state of trade." But Overstone always maintained, what Tooke gradually tended to lose sight of, that "the management of the currency is a subordinate agent; it seldom originates, but it may and often does exert a considerable influence in restraining or augmenting the violence of commercial oscillations." Overstone's *Tracts, etc.*, p. 167.

the paper currency of the country. Since, however, he had no general picture in his mind of the trend of prices (largely owing to the fact that he did not employ index-numbers), since over the greater portion of the period of time covered by the *History* the country was on an effective gold standard, and this seemed to obviate the necessity of considering general prices, preoccupation with the special factors influencing particular prices almost necessarily resulted. In tracing the gradual growth of the cleavage between him and the Currency School, differences of emphasis are more important than differences in fundamental theory. But, whether Tooke's intense preoccupation with particular price movements affected his work favourably or unfavourably on the whole, there is no doubt that in his search for an explanation of the causes of general price movements, which would at one and the same time enable him to take full account of particular variations and reject the rigid connection between the quantity of money and the state of the price level postulated by the Currency School, he evolved a theory which, in its general tendency, is singularly close to those Income Theories of Prices which in recent years have been adumbrated by Wieser, Hawtrey, Aftalion and others.

The "ultimate regulating principle of money prices," he says, "is not the quantity of paper money issued by the banks, but it is the quantity of money constituting the reserves of the different orders of the State, under the head of rents, profits, salaries and wages, destined for current expenditure, according to the wants and habits of the several classes, that alone forms the limiting principle of the *aggregate of money prices*—the only prices that can properly come under the designation of *general prices*. As the cost of production is the limiting principle of supply, so the aggregate of money income devoted to expenditure for consumption is the limiting principle of

demand for commodities.”¹ Again, in treating of the gold discoveries, the authors remark that there are two questions of principle involved: the first, how the new gold leads to additions to “the quantity of Real Wealth in the world, and not merely to barren increments of the volume of metallic money,” and, next, “the manner in which the New Gold becomes apportioned among the commercial countries of the world, *and gradually accomplishes a rise of Incomes, and through Incomes, a permanent rise of Prices.*”²

There is ultimately no antithesis between the Quantity Theory—in that modern interpretation of it which takes account of variations in individual desire to hold money—and Income Theories of Money. For money incomes can in the short run only increase, the “Unspent Margin” can only rise, *if* there is an increase in the quantity of purchasing power feeding the channels which lead to Individual Incomes. On the other hand, an Income Theory of Prices enables one to think of the price level more easily as a moving system of forces, with changes in the relations of its parts to one another, than is the case with the Quantity Theory. The result is that the tendency of the Quantity Theory is to emphasise the trend of prices as a whole, and the tendency of Income Theories is to emphasise the dispersion of prices over the field. But it is interesting to note how Tooke’s prejudices led him to formulate a theory of prices very akin to the fashionable doctrines of the present day.

THE RATE OF INTEREST

By the time that Tooke began to write, the foundations had already been laid for the two characteristic modern doctrines which relate together the phenomena of general

¹ *History*, Vol. III. p. 276. *Italics in original.*

² *Ibid.*, Vol. VI. p. 137. *Italics not in original.*

prices and the price paid for accommodation in the money market. In a brilliant passage in his speech on the resolutions to which the Report of the Bullion Committee had given rise, Henry Thornton, the author of *An Inquiry into the Nature and Effects of the Paper Credit of Great Britain*, the best individual piece of work the Restriction of Cash Payments was to produce before Ricardo wrote, enunciated what is to all intents and purposes the doctrine of the Real Rate of Interest as developed later on by Wicksell, Marshall and Irving Fisher.¹ The passage in which he enunciated the doctrine is quoted by Tooke,² who made no further use of it than to criticise Thornton's price statistics. In Ricardo's *Principles* the observation was incidentally made that "The rate of interest, though ultimately and permanently governed by the rate of profit, is, however, subject to temporary variations from other causes. . . . If, by the discovery of a new mine, by the abuse of banking, or by any other cause, the quantity of money be greatly increased, its ultimate effect is to raise the prices of commodities in proportion to the increased quantity of money; but there is probably always an interval, during which some effect is produced on the rate of interest."³ This observation of Ricardo's is the basis of the doctrine developed by Wicksell, that differences between the *natural rate of interest* and the *money rate of interest* are among the most potent causes of rising prices: the rise of prices will cease when the two have been adjusted to one another.⁴ We have now to see

¹ A man borrowing £1000 at 5 per cent. in 1800 and paying it back in 1810 "would have paid an interest of £50 per annum for the use of the money; but, if from this interest were deducted the £25 or £30 per annum which he had gained by the fall in the value of the money, he would find that he had borrowed at 2 or 3 per cent. and not at 5 per cent. as he appeared to do."

² *History*, Vol. I. p. 312.

³ McCulloch's ed., p. 179.

⁴ Wicksell, *Geldzins und Güterpreise*, p. 135; cf. *Vorlesungen über Nationalökonomie*, pp. 216 et seq.

how Tooke's doctrine of interest in relation to prices developed.

His earliest essay was a development of the Ricardian position. Section I of the *Considerations on the State of the Currency* is devoted to the "Causes which determine the Rate of Interest, and the Application of these to the late Fluctuations." Rejecting altogether the doctrine that interest varies with the rate of profits, Tooke advanced the view that *free* capital alone affects the rate of interest, and additional quantities of paper money issued by banks may constitute a large nominal addition to the natural quantity of such free capital available at any time, thus considerably depressing the rate of interest. "If the reduction in the rate of interest, and the facility of credit thence arising, should coincide with a tendency from other causes, to a speculative rise of prices and with the opening of new fields for enterprise, there will naturally be a great extension of the demand for the loan of capital." Such new supplies of money *must* affect the rate of interest, "since it cannot enter into circulation otherwise than by reducing the rate of interest, other things remaining the same; as it must inevitably at the time it is issued increase the number of lenders, or diminish the number of borrowers. The additional currency, in whatever way it comes into circulation, and whether it is in the form of gold or paper or mere credit, must, eventually, raise the price of commodities and labour. But as almost every increase of paper, excepting what is paid by the banks for bullion, is issued in the way of loan, either to government or to individuals, it is likely to affect the rate of interest in the first instance, before it comes in contact with commodities." But whatever the immediate effect upon the rate of interest, when additions to nominal capital impinge upon a speculative situation the rate in the long run must rise: not only because demand increases, but

also because the supply falls—the supply of real free capital as well as of nominal free capital, partly because lenders have made illiquid investments themselves, and partly because rising prices destroy “all that part of the nominal capital which arose out of the increase of the circulating medium, beyond what the ultimate reference and necessary subsidence to a level with the value of gold, in the rest of the commercial world, could admit of being retained in circulation.”

This is almost, if not quite, the doctrine expounded by Alfred Marshall and his followers, and (if allowance be made for the fact that additional purchasing power need *not* issue from a bank by way of loan) makes the rate of interest not the direct, but the indirect link in the chain; the rise of prices is directly caused by the *additional* purchasing power, whilst the lower rate is the condition of that additional amount issuing forth. But, as Tooke gradually moved away from the general Ricardian position, so his views on these matters gradually became less clear. Some changes in Tooke's views on the subject of interest almost necessarily followed from his adoption of the view of the Banking School, that it was impossible to issue additional purchasing power for which there was not a “demand.” Thus, although the Section already quoted was reprinted as an Appendix to the first two volumes of the *History*, we already find him in the third volume, published only two years later, quoting with approval Samuel Gurney's evidence before a Parliamentary Committee of 1833, “for the purpose not only of showing his opinion and the reason for it, of the powerlessness of the Bank, under certain circumstances, of adding to the quantity of money in actual circulation, but of adducing his authority for the fact that rate of interest in 1833 was so low, and that the facility of raising money upon any thing with good security was so great, as

to allow the fullest scope for persons entitled to credit entering into any speculation that offered a fair prospect ; but that the low interest did not operate in inducing the bankers to make advances on slight securities. Nothing, indeed, can be more opposed to historical evidence than the assumption that speculations on commodities have been produced by mere facility of borrowing.”¹ In the earlier argument, it is true, it is not asserted that a low rate *must* cause speculation, but the possibility of increasing the circulation is explicitly admitted and an ultimate rise of prices is postulated. But by 1840 Tooke was stressing other points : the Currency School, he argues, cannot account for the coincidence of “ the general high range of the markets for produce throughout the whole of 1839, the firmness of nearly all of them, and the buoyancy of many of the most considerable of them, during the period of the greatest pressure,” implying that, in his view, easier money market conditions would have led to lower and not higher prices² *in the long run*. Further, “ a reference to the state of the money market, and of the produce markets at particular periods, will show that, in times when the interest of money was particularly low *and falling*, and when commercial confidence was in the most perfect state, the prices of the largest classes of produce were low, and some of them falling, without the slightest tendency to anything like a general spirit of speculation,”³ the pecuniary benefit from holding commodities on borrowed money being too small to make speculation on the ground of cheap money alone worth while.⁴ Moreover, “ if . . . the mere facility of borrowing were the

¹ *History*, Vol. III. p. 159. Gurney had said that increased notes would be simply “ locked up ” by the bankers, Tooke added that they would be “ returned to the Bank as deposits.” But were not deposits also purchasing power ?

² *History*, Vol. III. p. 61.

³ *Op. cit.*, p. 155.

⁴ *Op. cit.*, p. 154.

determining motive to purchase, there seems to be no reason why one commodity should be preferred to another; and the facility of raising money at a low rate of interest might be supposed to induce persons to enter into all markets indifferently as speculative purchasers, with a view to re-sale, upon no reasonable ground for expectations of a rise of price.”¹ But, “although a full circulation and a low, and even a falling rate of interest do not actually generate, they may contribute to extend and keep up such a state of delusion, or, as Mr. Norman emphatically designates it, a moral epidemic. And, doubtless, such a state of the circulation and of the rate of interest is calculated to favour all projects for investment of money which hold out the prospects of increased income to the subscribers. It favours also, though it does not originate, building and land speculations, the facility of borrowing being essential to the extension of such speculations. . . . But these effects of variations in the circulation and in the rate of interest on the prices of securities have no analogy in the markets for commodities.”² And, even admitting that credit facilities “may admit of a greater range to speculation, it will be found that the prices of commodities are little, if at all, affected by temporary alterations in the rate of interest; whilst a *permanent* increase of the rate of interest would have effects on the prices of produce directly opposite to those which are commonly supposed. A *permanent* rise of 2 per cent., or even 1 per cent. per annum, would ultimately raise the prices of commodities, inasmuch as it would increase the cost of production, especially of articles into the production of which machinery entered.”³

In the last volume of the *History* the question of the Rate of Interest is once more discussed: this time by

¹ *Op. cit.*, p. 154.

² *History*, Vol. III. pp. 165-66.

³ *Ibid.*, p. 166.

Newmarch in connection with the influx of the Precious Metals. In a period of nineteen months the Gold Reserve of the Bank of England had risen by eight millions, with the result that Bank rate fell from 3 to 2 per cent., and market rates to $1\frac{1}{2}$ per cent. What was the effect? The prices of securities, of course, rose, but the "most immediate consequence of the extreme reduction of the Rate of Interest was to lessen the cost of producing commodities, and to increase the profits of all persons requiring the accommodation of advances for short or long periods. In other words, the low rates of 1852 set in motion in some important degree the extended trade and enterprise of 1853," and that in turn led to capital shortage and to a rise in the rate of interest in that year.

But the fall in interest rates was *not* due to adding eight millions to the circulation: it is not "necessary . . . to point out the absurdity of any doctrine which connects the rate of interest with the mere amount of the Circulating Medium." The rate fell "because the eight millions had been added to the Reserve of Capital seeking employment; in the first place, in the form of advances by other Banks and other persons having capital to employ in loans and discounts."¹ The doctrine of the rate of interest in relation to the price level, as it was thus left by Tooke and Newmarch, cannot be considered satisfactory.

Tooke was undoubtedly right in questioning the *automatic* response of the price level to a fall in the rate of interest on short-term money. The question at issue includes not merely the mechanism of adjustment, but also the time-lag involved, and it is clear that the time-lag may be at times considerable. Nor does the interest rate in itself cause prices to rise: the rise of prices, if it is to take place at all, must come through additional purchases,

¹ *History*, Vol. VI. pp. 200-1.

or, to put it in another way, through a diminished desire to hold money rather than goods. On the other hand, Tooke did not take sufficient account of the fact that a reduction in the cost of borrowing is itself a " motive " : by juxtaposing the " motives " to speculative purchases and the cost of borrowing, he set up a false antithesis.

There is no doubt, further, that in their opposition to the views of the Currency School Tooke and Newmarch were, in the final volume, driven to a line of argument largely verbal in character and inconsistent with Tooke's own standpoint. For, necessarily, if new gold, when re-lent by banks, constitutes additional " capital," and such loans can reduce the short-term cost of production by reducing interest rates, then it is difficult to see why an increase in the volume of bank loans *in other forms* should not have the same effect. But, if this is once admitted, the distinction between increases of capital and increases in the volume of currency, which Tooke pressed with such vigour,¹ disappears : new gold does not become a productive instrument, merely by being lent, in any sense which is not equally true of loans in other forms. Once it is admitted that new supplies of gold can stimulate industry, it must equally be admitted that loans extended in other forms must equally stimulate industry. It is true that, on the surface Tooke and Newmarch would have admitted this, denying only that the banking system could, *by the mere act of currency creation*, create a demand ; but a demand could have been created by lowering the rate of interest. If this is denied, it must also be denied that the " low rates of 1852 set in motion in some important degree the extended trade and enterprise of 1853 " ; if it is admitted, part of the case against the doctrines of the Currency School disappears. Low interest rates cease to be *merely* a subsidiary support

¹ *History*, Vol. IV. pp. 227 *et seq.*

to industrial fluctuations : they may in part be initiatory factors.

That the new supplies of gold would have raised prices and so initiated an upward swing of prices, even had none of the gold flowed into banks and been used as " capital," is, of course, clear, and was not even denied by Tooke and Newmarch. At the end of the long discussion on the influence of the new metallic supplies, a doctrine is set up that these new supplies constitute an addition to the " Fixed Capital of the country," exerting " an influence of the same beneficial kind as the provision of improved harbours, roads or manufactures " : it is " the prodigious impulse imparted to production during the considerable interval which must elapse before additions to the quantity of Money can be neutralised by corresponding additions to the range of Prices, which have rendered, and will continue to render, the New Supplies of Gold a powerful means by which the real and solid wealth of the world will be increased." ¹ If this is so, it is clear that the intermediary of the banking system is quite unnecessary.

But the authors are aware that this is a dangerous line of argument, and, therefore, are at pains to distinguish between " gold inflation " and " paper inflation "—between " brisk and constant markets, arising out of the Influx of New Gold ; and enlarged demand, in any particular country, arising out of any devices of compulsory Paper Money ; there is scarcely a quality in common." Paper Money, in other words, " has no intrinsic value " and the area of its circulation is limited ; with new supplies of gold and silver the stimulative effects may be world-wide. This is obviously only a difference of degree, and not of kind, and though, on the face of it, no concession to the Currency School—since the effects of increased Paper are expressly confined to " compulsory

¹ *History*, Vol. VI. pp. 216–17.

Paper"—it was a concession of the point that, under certain conditions, an industrial upward movement could owe its initiation to currency expansion.

The modern world, in which the theory that the "Trade Cycle is a purely monetary phenomenon" has gained such widespread acceptance, requires the stressing, not of the weak points in Tooke's general argument, but of the dubious points in the opposite point of view. The introduction of a monetary system and of banking institutions does do something more than throw a veil over the processes of exchange—it creates those possibilities of divergence between the "natural" and the "nominal" rate of interest which are the basis of modern theories of interest. But, for all that, a sceptical attitude over the details of the process of adjustment is not without its utility at the present time.

THE RESTRICTION OF CASH PAYMENTS

An enormous literature, contemporary and modern, has grown up round the consequences of the Suspension of Cash Payments by the Bank of England between 1797 and 1819, and on the effects of the Resumption of Cash Payments by the Bank, especially in the period from 1819 to 1825. Modern monetary theory was born of these events; but unanimity of opinion did not obtain at the time and does not obtain now. The issues involved are clear; it is their interpretation that is difficult.

The Suspension of Cash Payments coincided, leaving all questions of causation on one side for the time being, with a state of war, involving large payments by the United Kingdom to its Allies and large military and naval expenditure abroad. During a part of the period (after 1810) exports and imports alike were hampered by blockade measures and occupation by the enemy of

important areas of supply and of sale in Continental Europe. An unusually unfavourable series of harvests at times led to heavy imports of wheat, whilst the requirements of the war absorbed tonnage for non-commercial purposes. In the field of public finance, the state of war involved a large volume of borrowing by the Government from the Central Bank. In the sphere of money and prices, the Suspension of Cash Payments coincided with a premium upon the precious metals and upon the exchanges on centres with a metallic currency, with a rise of prices and with an increase in the volume of circulating media.

The difficulties of interpretation ¹ would be less had these various phenomena throughout shown concomitant variations, but this was only partially the case. The period 1810-1814 shows the highest level of prices, the greatest depreciation of the exchange, the largest premium on the precious metals, the highest level of the "extraordinary foreign payments" ² and of Government expenditure abroad *per se*, the highest level of the "total advances" of the Bank of England, the aggregate largest deficit over any five-year period, the largest volume of unfunded borrowing. But in this very period, whilst prices were falling from 1810 to 1811 and rising from 1811 to 1814, the premium on the exchange was rising from 1810 to 1811 and falling from 1811 to 1814. Moreover, the "extraordinary foreign payments" were rising from 1811 to 1814, as was Government expenditure abroad, whilst the premium on exchange was falling in the

¹ The statements in the text below are based upon the statistical material furnished by Angell, *The Theory of International Prices*, pp. 495-9; Hawtrey, *Currency and Credit*, Chap. XVI.; and Silberling, *op. cit.* and "Financial and Monetary Policy of Great Britain during the Napoleonic Wars," *Quarterly Journal of Economics*, Vol. 38. These statistical series are now so well known that reproduction is unnecessary at this place.

² That is, Government expenditure, plus grain imports, above £2,000,000 per annum. See Silberling in *Quarterly Journal of Economics* in article cited above.

same period of time. Again, in 1816 sterling was at par, but the circulation of Bank of England notes was almost at its maximum.

Nor do the years of maximum always coincide. Government remittances abroad attained their maximum in 1813; the peak of the exchange premium was 1811, the highest premium on silver was 1813, the maximum total advances of the Bank of England was reached in 1814 and 1815; the largest outstanding note-issue of the Bank of England was reached in 1817, but the highest point in the price-curve was reached in 1814; and even if the year 1810 were taken, when the first wave of high prices reached its maximum, the highest point in Silberling's general index-number was reached in the second quarter of the year, though the commercial discounts only attained their absolute maximum for the whole Restriction period in the *third* quarter of that year.¹ Moreover, the magnitudes involved differ: prices rose to a greater extent than the exchange fell; the maximum premium on silver was less than the maximum premium on the Hamburg exchange, and the two maxima do not coincide.

So long as media of exchange—whether bank notes or bank deposits—are freely and fully convertible into exportable coin or bullion, a premium cannot arise either on the foreign exchanges with any country with a metallic standard or on the precious metals themselves. When a paper currency is made inconvertible a premium does not necessarily appear, but, if it does, the price of bullion in such a country must in general be governed by the foreign exchange rate with metal-using countries. What causes such a premium? That is the fundamental point at issue in the whole Restriction Controversy, but it is not the sole point. For, in addition to a premium on bullion,

¹ Silberling, *British Prices, etc.*, pp. 232, 256.

and the foreign exchanges, there may be a premium on goods—that is, commodity prices rise. Can there be a rise in commodity prices *without* a premium on the foreign exchanges and on the price of bullion? Alternatively, can there be a premium on the foreign exchanges and the price of bullion *without* a rise of general prices? That is the second point in the Restriction Controversy. Lastly, apart from the direct chain of causation which leads from inconvertibility to premia on the exchanges and on the metals, what were the *agencies* through which the chain of causation worked? Quite apart from these issues is the issue whether the changes on balance are desirable or undesirable.

All the world is supposed to know the answer given to these questions by the celebrated Bullion Committee of 1810; the members of which have been recently held up to scorn for producing “a short-sighted and dangerous document, written at least five years too soon,” and for “being at least two-thirds wrong and probably more—some from pecuniary interest, the majority from simple ignorance of the facts.”¹ The premium on gold and on the foreign exchanges was due to the excessive issues of Bank of England notes, protected as the Bank was by the inconvertibility of its notes. There was a premium on both bullion and the foreign exchanges and a premium on commodities as well; there was a common cause and a common effect. Had gold *risen* in value, general prices would fall, but, provided paper was not issued to excess, the paper price of gold would not alter. “That this is not the present state of things is abundantly manifest: the prices of all commodities have risen, and Gold appears to have risen in its price only in common with them. If this common effect is to be ascribed to one and the same cause, that cause can only be found in the state of the

¹ Angell, *op cit.*, pp. 61, 479.

currency of the Country.’¹ The increased cost of specie shipments would in any case allow the exchange to fall below the *old* specie-export point, “but the rest of the fall, which has actually taken place, remains to be explained in some other manner.”² The fall of the exchanges cannot be due to the value of gold being higher abroad, for “the general supply of Europe with gold has been augmented by all that quantity which this great commercial Country has spared in consequence of the substitution of another medium of circulation.”³ The fall in the exchange is not due to an unfavourable balance of trade; for, in fact, Government Remittances so operate as to *force* exports, a low rate of exchange being thus the cause of a favourable balance.⁴ But the Bullion Committee denied (1) any exact correspondence in time or amount between the volume of bank notes and the depression of the exchanges: “They conceive that the more minute and ordinary fluctuations of Exchange are generally referable to the course of our commerce; that political events, operating on the state of trade, may often have contributed as well to the rise as to the fall of the Exchange. . . . The evil has been that the Exchange, when fallen, has not had the full means of recovery under the subsisting system;”⁵ (2) that the question of whether or not the note issues were excessive could be decided by reference to the absolute amount of the notes outstanding: “It is necessary to have recourse to other tests. The

¹ Cannan’s Reprint, p. 12 (*The Paper Pound of 1797–1821*).

² *Op cit.*, p. 26.

³ *Op cit.*, p. 8.

⁴ There is a remarkable passage in the Report, too long to quote here. The passage, in effect, argues that the limiting condition to the fall in exchange due to the sale of “large drafts on Government for foreign expenditure” is the British price level, for the purchasers of such bills “have a reference to the terms on which the bills on England will purchase those British commodities which are in demand, either in their own country, or in intermediate places, with which the account may be adjusted” (*Op cit.*, p. 29).

⁵ *Report*, p. 35.

same amount of paper may at one time be less than enough and at another time more." The increase of trade, the velocity of circulation, the state of public and private credit, above all, economy in the use of circulating media, must all be taken into account.¹

Given that the direct cause of the depreciation of the exchange was over-issue of Bank of England notes, what were the reasons which caused this over-issue? The Directors of the Bank acted upon a wrong principle—though in absolute good faith²—inasmuch as the Bank did not recognise that rules of discounting, which worked well enough so long as convertibility prevented an over-issue of notes, would no longer work well when this safeguard was taken away.³ The Bullion Committee placed this emphasis upon commercial discounts, because "the yearly advances of the Bank to Government have upon an average, since the suspension, been considerably lower in amount than the average amount of advances prior to that event," whilst "the amount of discounts has been progressively increasing since the year 1796."⁴

Tooke's discussion of the Bank restriction period is influenced, not primarily by the views of the Bullion Committee, but by the literature which appeared during the later stages of Restriction and in the earlier period of Resumption. By that time the view, already stated in the Bullion Report in 1810, was gaining ground that during the restriction the world value of gold had fallen

¹ *Op cit.*, pp. 57–8.

² *Op cit.*, pp. 49, 53. It seems especially desirable to emphasise this point, in view of the construction put upon the motives of the writers of the Bullion Report by recent American commentators.

³ *Op. cit.*, pp. 48–51.

⁴ *Op. cit.*, pp. 56, 57. In the five years up to and including the year in which the Report of the Committee appeared prices rose from 157 to 176 (1790 = 100); the commercial discounts of the Bank from £12.1 millions to £19.5 millions, or from 48 to 55 per cent. of the total advances of the Bank.

and that the resumption of cash payments had caused the world value of gold to rise—the charge brought by Ricardo against the Bank being that its excessive accumulation had been the *instrument* of appreciation—though Tooke directed his argument primarily against the author of an article in the *Quarterly Review* for July 1822,¹ which was “ascribed to the pen of an author deservedly eminent, for some former publications connected with the discussion which preceded Mr. Peel’s bill.”² Further, Blake³ and others had been popularising the view that the main causes of the high prices of the war period had been due to the large volume of Government expenditure stimulating consumption and were not due to inflation at all. By the time the first two volumes of the *History* were published, the events of 1825 and the Bank Charter controversy of 1832 had caused the whole problem to fall into the background, but the whole of the first volume and part of the second are occupied with the War and the Restriction period.

Tooke’s treatment cannot be understood without an appreciation of his use of terms. He distinguishes—on Ricardian lines—between (1) depreciation of the currency—that is, a fall in the value of paper money in terms of the metallic standard—and (2) alterations in the value of the currency—that is, “variations of the combined value of bullion and coin and paper, or, in other words, of the standard as well as of the coin and paper.” But alterations in the value of the currency in *this sense only* occur “in

¹ “An Address to the Members of the House of Commons upon the Necessity of Reforming our Financial System, etc.,” *Quarterly Review*, July 1822, Vol. XXVII. p. 239.

² Thus praised in *Thoughts and Details*, p. 18.

³ W. Blake, F.R.S., *Observations on the Effects produced by the Expenditure of Government during the Restriction of Cash Payments*, 1823. In this pamphlet Blake recants the views expressed in his celebrated pamphlet of 1810 on the Exchanges, and although differing from Tooke on the point of the effect of expenditure, agrees with him on other points connected with price movements during the Restriction.

cases in which these variations do not, according to the widest induction of facts, admit of being accounted for by circumstances which may have influenced the prices of the commodities in question, independently of the supposition of any alteration in the quantity or rate of circulation of the currency.”¹ If these distinctions are borne in mind and superimposed on Tooke’s views as to the direct economic effects of war, on the one hand, and of the nature of economic life in general, on the other, there will be no difficulty in seeing why he should have been led to ascribe to the Restriction itself a relatively small rôle in producing the total economic phenomena of the Napoleonic period.

The thesis that the war was directly responsible for the high level of prices by inducing additional Government expenditure or by stimulating *per capita* consumption is totally rejected by him. On the other hand, he emphasises the coincidence of war with a run of bad seasons and the influence of war in adding to the cost of production. Output must have diminished in certain European countries, whilst in this country, in spite of an increase in population and production, the rise in the long-period rate of interest and the increased “rates of freight and insurance . . . amounted to an enormous charge on all importations from the Continent of Europe.”² This rise in the cost of production is, in Tooke’s view, “a caution against drawing any inference from average prices during (the) last war. The prices were regulated by the increase, which was *enormous*, of the cost of production arising from the obstructions to commercial intercourse, which were peculiar to the last war, and not, in all human probability, likely ever again to occur.”³

Furthermore, as he repeatedly points out, there were

¹ *History*, Vol. I. p. 125. ² *History*, Vol. I. p. 115.
³ *Op. cit.*, p. 117.

fluctuations of bullion prices on the Continent, even where a metallic currency prevailed and fluctuations had occurred in prices before the country had gone on to a paper standard, whilst it is a delusion to suppose that "during the restriction there was a sort of exemption from the penalties of over-trading; that bankers might issue *ad libitum*, and merchants trade to the utmost extent of their credit, without experiencing the usual penalties of loss and failure." ¹

Further, Tooke rejected the view that the value of the precious metals had fallen as a consequence of the war. The amount released by the transition of this country to a paper standard was insignificant; the *assignats* in France had forced much larger quantities of bullion on to the world market without making any difference to bullion prices and, in any case, the demands of the "military chests and the treasures of the great belligerent powers, whose operations were on so vast a scale, necessarily absorbed a very large amount of specie." ² Over and above this demand, hoarding must have absorbed large amounts, so that the value of bullion must have been rising rather than falling and, indeed, he elsewhere says, speaking of the gravest period of depreciation of British currency, the wonder is that the bullion value or foreign-exchange value of British currency did not fall still lower than it actually did. ³

From this analysis three results follow. First, no part of the rise of prices during the Restriction can be ascribed to a fall in the world value of the precious metals. Second, there was a depreciation of the paper pound in terms of the international exchanges which, in so far as it affected the prices of imports and (by competition) exports, was responsible for a rise of prices to the extent of the depreci-

¹ *History*, Vol. I. p. 147.

² *Op. cit.*, p. 138.

³ *Op. cit.*, p. 361.

ation. Third, there is no evidence that any rise of prices beyond the extent of this difference between paper and gold was due to excessive issues of paper—the cause must be elsewhere, that is, in a rise in the cost of production.

But, if the world value of bullion has risen rather than fallen, and the rise of prices is due not to excesses of issue, but to cost of production, the influence is irresistible that the depreciation of paper in terms of bullion is due to causes operative rather on the side of bullion than on that of currency. In fact, Tooke argues, the *cause* of the depreciation lay in the unusually heavy foreign payments which had to be made abroad. There *was* an increase in the issues of the Bank, but this increase “was not greater than it is probable would, in an undisturbed state of politics and trade, have been required to carry on the greatly extended pecuniary transactions of the country at bullion prices on their ordinary level with those of other countries. The proof, or at least the strongest possible presumption to this effect, being, that upon every cessation of the pressure of foreign payments the exchanges tended to a recovery and were, when those payments finally ceased, restored to par, not only without any reduction of Bank paper, but coincidentally with an increase of it.”¹

Now, as Tooke in part, at least, realised, and as modern research has confirmed, the circulation being composed partly of Bank of England notes, partly of country bank notes, the latter rising with rising prices and falling with falling prices, whilst the issues of the Bank of England followed a different course (still to be investigated), an improvement of the exchanges is quite consistent with an increase of Bank issues, provided that the total circulation is not rising, or, if the total is rising, that the demand for currency is rising still more. That the exchanges should

¹ *Op. cit.*, p. 192. He thus anticipates Angell's argument, *op. cit.*, p. 494.

have improved as the extraordinary expenses fell off is also not surprising, when it is remembered how largely the Government was dependent on the Bank and how a knowledge that with a cessation of the war expenditure resumption would be brought nearer must have influenced speculators for a rise in the currency. The rise of the exchange to par does not necessarily prove any causal relationship between a fall in the exchange and the payments of the British Government abroad.

That there *was* such a relationship is *a priori* possible. A Government paying its way by credits from a Central Bank with indefinite powers of issue can, of course, put up prices in the foreign exchange market, and its payments, by adding to the volume of purchasing power inside the country, will help to raise prices. If its expenditure, by reducing market interest rates, reduces commercial loans at the Central Bank, whilst the rise of prices stimulates note issues by the other banks *in excess of the amount repaid*, the *cause* of all the movements may be the exigencies of Government, though the causal sequence may be obscure. There will be no need for the rise of prices inside the country and the fall of the exchange at once absolutely to synchronise—but, if they do not, economic forces will be brought into play by which the differences will tend to disappear. An under-valuation of sterling will stimulate exports, and over-valuation will reduce imports.¹ But this argument is only valid if it is admitted that monetary causes were raising prices in this country.

On this point, Tooke, it would seem, was caught in the meshes of his own terminology. There was a fall in the *purchasing power of money*, whether that was due to

¹ Tooke is prepared to admit that, even under war circumstances, the Bank might have prevented imports during the boom years before 1810 by timely contraction of issues. *Op. cit.*, pp. 353 *et seq.*

"depreciation," to a "fall in the value of the currency" or to increased "cost of production." In fact, production was increasing, and the "increased cost of production" was only an index of rising money costs; for real costs were falling (except perhaps in agriculture). If the total output is increasing and prices are rising, this can only be because there is too much purchasing power available. That Tooke exaggerated the influence of freight charges¹ is irrelevant, for the articles subject to these higher costs might have risen above the general average, *whatever that average was*. It was his general approach to the problem which led him astray, just as his aversion to dealing with "average prices" led him astray with regard to the movement of prices *outside* the country. There are no available Continental statistics, but the American price-series quoted by Silberling shows a remarkable degree of synchronisation in the fluctuations of prices in the U.S.A. and this country,² and shows also, what is more important in this connection, that British prices fluctuated at a higher level than the American, whilst American prices were also rising, even before the American currency became inconvertible with the outbreak of the war of 1812.

Tooke was, however, very much more critical of the Restriction, and very much less convinced of the perfect rectitude of the policy of the Bank of England, than the latest American apologists of the Bank appear to be.³

¹ Silberling, *British Prices, etc.*, p. 229.

² *Op. cit.*, pp. 233, 250.

³ "... the Bank became the apparent agent of inflation. Yet there is little evidence that the Bank inflated *private* credit. Rather, its private advances were kept moderate in times of rising prices and expanded when prices fell. As far as its own deliberate and intended policy went, it should be exonerated from virtually all blame." "Inflation . . . took place, not because of, but in spite of, the voluntary operations of the Bank of England. The Bank alone remained the refuge of sound policy." See Angell, *op. cit.*, p. 479.

He condemned the Restriction ¹ and regarded the comparative moderation of the Bank's issues as in no way resulting from its grasp of the underlying problems, but a merely accidental consequence of its adherence to routine. The routine was to discount only "good mercantile bills, not exceeding sixty-one days date, at the rate of 5 per cent. per annum," and this rule did, "with the necessary policy of Government in periodically reducing the floating debt within certain limits by funding, operate as a principle of limitation upon the total issues of the Bank. And the reason of the rule having so operated is to be found in the fact that the market rate of interest for *bills of the description which were alone discountable at the Bank, did not materially, or for any length of time together, exceed the rate of 5 per cent. per annum.*" ² Now, a 5 per cent. rate for first-class bills *at the Bank* tended to coincide with a *higher* market rate than 5 per cent. in the later stages of the upward swing of the trade boom and the earlier stages of the downward swing of the boom.³ *This*, and not any deliberate policy of the Bank, explains the tendency, noted by Professor Angell, for Bank issues to expand as prices were falling.

By emphasising the importance of this relationship

¹ "If, however, the greater exemption from violent changes in the amount of the circulation, during the restriction, had been still more striking than it is, it would not be a compensation for the manifold evils and dangers attending an inconvertible paper currency." *History*, Vol. I. p. 167.

"Or, in other words, the mercantile interests certainly, and the public finances probably, would have been gainers if the Bank directors, disregarding the applications for increased discounts or advances, had steadily adhered to their duty of preserving their paper in a sound state; that is, of maintaining the equivalence of their promise of payment to an actual payment." *Op. cit.*, p. 358.

² *History*, Vol. I. p. 159.

³ But funding operations, by temporarily raising the rate, also in part determined the amount of commercial discounts at the Bank. *History*, Vol. I. p. 162.

between Bank rate and Market rate, Tooke was improving upon certain hints of Charles Bosanquet's. Thornton¹ had at the beginning of the century shown the importance of the connection between the rate of discount at the Bank and the "high rate of mercantile profit" during the war, and the same point had been emphasised in the Report of the Bullion Committee.² It was Charles Bosanquet, in his *Practical Observations on the Report of the Bullion Committee*, who pointed out that, "whilst there is money unemployed and to spare in the city, discounters of the first class will not present themselves at the Bank;" an excess of notes issued by the Bank speedily produces its own cure by reducing discounts at the Bank, whilst the claims on the public "for the payment of discounted bills falling due is undiminished."³ Whether the Bank really did rely exclusively on the efficacy of a 5 per cent. Bank rate during the Napoleonic War period may well be questioned. Before the Restriction, during the difficulties of 1795, it had adopted the rationing of credit and had been severely attacked by the mercantile community for so doing, and Thornton, writing in 1802, seems to imply that restriction was still being enforced.⁴ After the Bullion Report was issued, as Professor Cannan has shown, there was some change of tone by the Bank, and that may have contributed to the large reduction of its commercial discounts after 1810.⁵ But Tooke certainly distinctly stated a problem,

¹ *Paper Credit*, pp. 289 *et seq.*

² *Report*, Cannan's ed., p. 51.

³ *Practical Observations*, 2nd ed. 1810, pp. 58-9. Some interesting observations on the working of the London money market in the middle of the war will be found on pp. 54 *et seq.*

⁴ *Paper Credit*, p. 294.

⁵ *Paper Pound*, p. xxxix. Though influenced by the depression of 1810, "it is scarcely credible that the Directors would not have withstood with greater success this enormous diminution in the cream of their business if they had been as impervious to the teachings of the Report as they professed themselves to be."

viz., the effects on the money market of the relation between open-market and official rates of discount, which can hardly yet be said to be solved, and which, in the period after 1844, was to arouse much discussion.

THE RESUMPTION OF CASH PAYMENTS

If Tooke was thus inclined to explain a great part of the phenomena of the Restriction period in terms of the routine policy of the Bank of England, so was he equally disposed, and on the same ground, to reject the attacks upon the policy of the Resumption of Cash Payments, in so far as those attacks implied that the Bank of England was deliberately deflating the currency after 1819. Between 1819 and 1825 a temporary alliance was formed between the Ricardians and the Agriculturalists, an alliance which had but one article of agreement: that the currency policy of the Bank had increased the value of gold. The price level, which in 1819 (Silberling's index) stood at 136, fell to 117 in 1821, when the Bank resumed payment in gold coin on demand and started withdrawing its £1 notes; by 1824 the price level stood at 106, or only 6 per cent. above the level of 1790. The "landed interests" blamed Peel's Act of 1819, the Ricardians blamed the Bank. Had the Bank Directors known their business, argued the latter, they would have taken advantage of the terms of the 1819 Act, and not paid in gold *coin* before the latest possible date permissible under the Act; the Bank need not then have accumulated as much gold as it actually did, because gold coin would not have been required for internal circulation, paper would have gradually fallen to the level of gold, and this would have involved *some* fall of prices, but that fall would have been less than the fall which actually did take place by the extent to which, in

fact, the accumulation of gold raised its value. It was Tooke's task to attempt a defence of the Act and of the Bank by showing that, in fact, neither the Bank nor the Act had anything to do with the actual course of events after 1819. By the time the Act came into force the exchanges were already at par, and gold was therefore offered to the Bank without any necessity for it to reduce its circulation, and, in fact, if the sovereigns it issued were included in the circulation, it could be shown that the *total* circulation *rose*. In the first quarter of 1819 the total Bank circulation was £25·8 millions, the average for the last quarter of that year being £23·9 millions. Including £7·48 millions of gold issued in 1821, and £11·95 millions issued in 1822, the average circulation was £26·86 millions in 1821 and £29·5 millions in 1822. It is true that Government repaid £10 millions to the Bank, and this directly tended to reduce the circulation, but the cause which led Government to reduce its indebtedness was the fall in the market rate of interest, and not any necessity of the Bank, "and it would be a new and somewhat dangerous doctrine to contend that Government ought to enlarge or diminish the unfunded debt not according to views strictly financial, but according to their notions of the proper amount of the circulating medium."¹ To have stopped the gold imports would have involved "a very unusual effort on the part of the

¹ *History*, Vol. I. p. 106. It appears to be quite impossible to reconcile Tooke's argument on p. 105, that, if the repayment had *not* been made "there would in all probability have been a diminution, on the one hand, of private securities and an increase, on the other, of the amount of deposits," with the statement on p. 106, that, while the repayments did not produce a decline in the circulation, it was still arguable that "this prevented such an enlargement of the circulation as might otherwise have taken place (which they probably did)." In fact, between 1819 and 1822 both public and private securities fell together: the flow of gold released must have worked to make the market independent of the Bank, just as gold imports into the U.S.A. did in 1921.

Bank, involving a departure from its ordinary rules." Only a sharp reduction of its interest rate, "which might have had the effect of hastening the direction of capital to foreign investments, could have prevented, or even materially have retarded, such influx."¹ The Bank directors were perfectly "passive," and "Mr. Ricardo does not appear to me to have sufficiently appreciated the state of things, when he charged the Bank directors with mismanagement, in having prematurely and unnecessarily enhanced the value of the currency by their large purchases of gold after the passage of Mr. Peel's bill."¹ Even the argument that the country note circulation was diminished by the Resumption is erroneous, for, although the country note circulation did fall, yet that fall was not the cause of the fall in prices, but the "necessary consequence."²

Now the whole of this argument is really begging the question. The point at issue is not whether the Bank was forced to adopt unusual measures to force the value of the British currency up to the value of gold, but whether it ought to have adhered to its routine if, by doing so, it was to raise the value of the currency *and* gold. That the value of gold was rising is to be seen not only in the fall of the British price level, but also in the changing ratio between gold and silver. Soetbeer's ten-year average³ shows that the ratio, on the basis of the Hamburg quotations, altered from 15.51 in the period 1811-1820 to 15.80 in the period 1821-1830, and he specifically draws attention to the effects of the Resumption, as, indeed, other and contemporary observers did.⁴ The fact is that the return to gold coin was being effected

¹ *Op. cit.*, p. 108, note.

² *Op. cit.*, p. III.

³ Appendix to *Final Report of the Royal Commission on the Precious Metals*, C. 5512 of 1888, pp. 162, 163.

⁴ See the Appendix to the *International Monetary Conference*, of 1878, p. 706 of the American edition.

at a time when the supply of gold had been falling and was only beginning slightly to increase.¹

In the tract of 1829, the *Letter to Lord Grenville*, Tooke does face this issue squarely. Why did not the Bank reduce the rate of discount or buy Exchequer Bills at a premium? It would have involved, at any rate, "a departure from their ordinary rules, and it would have been difficult for so unwieldy a body to abandon suddenly its established habits without the risk that its efforts might be too great in the opposite direction." Ricardo was quite within his rights in urging a positive policy, but "My own opinion is, that the Directors were right, in the circumstances, in not deviating from their regular course till after they had resumed cash payments. And I am not at all sure that any evil consequences did arise from their having adhered to their ordinary rules. If, at the close of 1819, they had forcibly—that is, by a departure from their ordinary rules—extended their issues, they would have hastened the fall in the rate of interest, and would so far only have hastened the inducement to Government to diminish its unfunded debt, and consequently to repay the Bank, as it eventually did." ² But Tooke, in this technical defence, overlooked that, by acting in a spirit of routine, the Directors were hastening the process of cash payments, and thus infringing the spirit and the letter of an Act intended to prevent the evils of too sudden an appreciation. The fact is that the Resumption of 1819 involved the problem of a managed gold standard and that Tooke was in this matter on the side of the sceptics.

¹ Soetbeer's figures for gold production in Kg. :—

1801-10	17,778
1811-20	11,445
1821-30	14,216

² *Op. cit.*, p. 11.

THE POLICY OF THE BANK OF ENGLAND, 1824-1840

The twenty years between 1824 and 1844 are, with the exception of Tooke's own writings, devoid of systematic literature, but rich in tracts, pamphlets, Parliamentary inquiries, charges and counter-charges. They are the formative years of British banking, in which no single problem that vexes us to-day—from discount policy to the “Menace of the Money Power” or the reform of the government of the Bank of England—is absent. These years urgently call for investigation; meanwhile, Tooke's writings enable us to see that, in the guise of an agitation for the amendment of the rules by which the note issues of the country were conducted, a whole phalanx of intellectual difficulties called for solution. What that central issue itself really signified—to use modern phraseology—is the emergence of the problem of the Central Bank and its relations to the Money Market and to the currency standard. Between 1819 and 1832 the Bank gradually acquired a policy; between 1832 and 1839 the main question was whether it was really adhering to its policy or not—one of the leading objects of inquiry before the Select Committee on Banks of Issue in 1840. In the course of the controversy the “Currency Theory” and the “Banking Theory” gradually, but very indistinctly, evolved.

In 1819 the Bank Directorate was still completely under the sway of its anti-bullionist ideas, passing a formal resolution to the effect that “this Court cannot refrain from adverting to an opinion, strongly insisted upon by some, that the Bank has only to reduce its issues to obtain a favourable turn in the exchanges, and a consequent influx of the precious metals; the Court conceives it to be its duty to declare that it is unable to discover any solid foundation for such a sentiment.”¹

¹ *H. C. Committee on Resumption of Cash Payments*, p. 263.

Between 1819 and 1827 opinion among the Directorate gradually changed, and in 1827, on the motion of Mr. W. Ward, that resolution was rescinded.¹ Moreover, during the crisis of 1825 the Bank adopted the principle of lending freely at the moment of crisis, a policy which had been strongly urged by the Bullion Committee in 1810.² A third departure from the established routine was presented by the reduction of the Bank rate from 5 to 4 per cent. on June 20th, 1822, the *échéance* of the bills being raised from sixty-one to ninety-five days.³ In 1829, also, the Bank took an important step in regulating the flow of funds into the Money Market, in order to "equalise the circulation"; the Bank, explained the Governor, "endeavour to equalise the circulation of London at the termination of every quarter, within about a month of the expiration of the quarter, when they offer to the public at large the issue of any notes that may be required, *at what may be deemed to be the market rate of interest*,⁴ upon the deposit of approved securities; and that is done for the purpose of relieving the scarcity that may be supposed to arise from the payments into the Exchequer."⁵ These advances, and the terms upon which they were extended, were subsequently to give rise to a good deal of discussion.⁶ Up to 1832, at any rate, they were welcomed enthusiastically by the London bankers and approved of by the Directors generally.⁷

¹ *Report of Committee of Secrecy on the Bank Charter, 1832, QQ. 2074 et seq.*

² *Report*, pp. 44, 60. See Harman, *Bank Charter Committee, QQ. 2217 et seq.*

³ *Bank Charter Committee, Appendix, p. 88.*

⁴ Italics not in original.

⁵ Horsley Palmer, *Bank Charter Committee, Evidence, Q. 255.*

⁶ The Notices from 1832 onwards issued in connection with these advances will be found in Appendix to *Report of Committee on Banks of Issue, 1840, pp. 252 et seq.*

⁷ *Bank Charter Committee, W. Ward, QQ. 2113 et seq.; G. C. Glynn, QQ. 2986 et seq.*

The Directors had thus made considerable concessions to the Bullionists. In 1832 they explained what their policy was intended to be. The principle, explained Horsley Palmer, "by which the Bank is guided in the regulation of their issues (excepting under special circumstances) is to invest and retain in securities, bearing interest, a given proportion of the deposits, and the value received for the notes in circulation, the remainder being held in coin and bullion; the proportions which seem to be desirable, under existing circumstances, may be stated at about two-thirds in securities and one-third in bullion; the circulation of the country, so far as the same may depend upon the Bank, being subsequently regulated by the action of the Foreign Exchanges."¹

By a period of full currency, explained G. W. Norman later, was meant a period "when the Exchanges were at par, or rather on the point of becoming unfavourable."² But the important point was that the Bank was not to decide how much bullion it was to hold: that was to be left to the public.

The Bank, stated Palmer, never anticipated: "we wait for the actual demand." Nor³ did the Bank *want* to assume responsibility: "the Bank are very anxious not to exercise any power, but to leave the Public to use the power which they possess, of returning Bank paper for bullion." Though the Bank *possessed* the power of extending or diminishing the circulation without "waiting for the interference of the Public," they would not, "except under special circumstances," either "forcibly contract their issues by a sale of securities, during an unfavourable course of exchange . . . or forcibly extend their issues by the purchase of securities when the exchange was favourable." Stabilising the volume of securities

¹ *Bank Charter Committee*, Q. 72. ² *Ibid.*, Q. 2459.

³ For what follows, QQ. 78 *et seq.*

was desirable "because the Public are enabled, without any forced action on the part of the Bank, to act for themselves in returning notes for bullion, when the exchanges are unfavourable. If the exchanges continue to be favourable for any great length of time, then the influx of treasure will command an increased issue of paper, and which may derange the proportions; but it does not follow that the Bank ought on that account immediately to extend its issue upon securities. When, however, it is clearly ascertained to be desirable that part of the excess of bullion so received should be returned to the Continent, then it may be necessary for the Bank to reassume its proportion by transferring part of the bullion into securities, still preserving the proportions of one-third and two-thirds."

The real problem which is concealed in this statement is not difficult to find. It arises from the fact that an influx of bullion may affect the Bank very differently according as to whether or not the influx of bullion results in an addition to the liabilities or in a reduction of the earning assets. An influx of bullion would add to the notes or to the deposits, and so "derange the proportion" without affecting the stability of the securities only at a time when the Bank held no discounts, that is, at a time when the market was not "in the Bank." If gold flowed in at a time when the discounts were large, the lower money rates caused by the gold influx would not add to the volume of notes and deposits, but *would* result in a decline in the volume of discounts, since it would add to the open market assets. Liabilities and assets would both increase in the first case, total liabilities and assets in the second case would remain unchanged. In both cases to "reassume the proportion" would mean adding to the funds at the command of the market, but whilst, in the second case, the securities would *return*

towards their old level, in the first case they would rise above it. It may be that a dim recognition of these differences was responsible for the differences in tone between the last two paragraphs of Palmer's cited above. There is no explicit recognition that an influx of bullion may not only "derange the proportion," but also alter *the absolute amount* of the securities, though it is recognised that inflows or outflows of bullion may affect the policy of the Bank by throwing upon it some decision as to what is to be done to the securities. But, from the standpoint of the history of doctrine, it will be observed that Horsley Palmer's analysis holds in solution, as it were, *both* the views of the Banking School and of the Currency School: the latter in so far as the fluctuations in the volume of currency were identified with the inflow and outflow of bullion, the former in so far as the responsibility was thrown upon the "public," that is, the demands of the public were to settle what would happen.

The "active" policy of the Bank concerned only the securities and the aim of the Bank, in pursuance of the policy of letting the public determine the circulation, was to keep the securities "as nearly the same as can be managed." But—and in this respect the policy of the Bank differs most markedly from modern concepts—the ideal was to invest in Government securities rather than in commercial bills of exchange. Upon this point both J. Horsley Palmer and G. W. Norman¹ were agreed, and the reason for it was simple. To attempt to extend the discounts was to risk competition with the private bankers of London: ² the Bank could only get bills by

¹ *Bank Charter Evidence*, QQ. 173 *et seq.*; QQ. 477 *et seq.*

² *Vide* Q. 2429. To attempt to regulate issues by means of discounts is "quite impossible without at times doing immense mercantile mischief. The Usury Laws alone are quite decisive upon that point."

reducing its rate to that of the market, and this would deprive it of its real function—that of acting as a place of last resort in a period of tension. “The reasons which appear to me to exist against the regulation of the amount of issues through commercial discounts in London,” said Palmer, “arise from the magnitude of the deposits in the possession of the bankers of London and other individuals, seeking employment with which the Bank ought not, in my opinion, to interfere. The Bank, fixing a public rate of interest, at which it may be willing to discount all approved bills of a given description, and being the only body issuing money *ad libitum*, within the sphere of the circulation of such bills, thereby fixes the *maximum* of the rate of interest during the existence of such notice, and consequently all persons having money already in existence to employ must necessarily offer to lend it under the Bank’s public rate, except in times of actual scarcity or deficiency of money currency. If the Bank were required to hold no other securities than commercial bills, they would be under the necessity of acting in common with all other parties, viz., by competition in the purchase of bills of exchange at the existing market rate of interest. It is that competition with private bankers and individuals in London which seems to me to be so objectionable; and if the plan hitherto acted upon answers the public objects, I can see no benefit in a change. In order to place that part of my opinion clearly before the Committee, which has reference to the period when the action of the Bank as a bank for commercial discounts in London is one of the greatest public importance, I beg to state that those functions of the Bank are exhibited when a scarcity of money or discredit exists in the London commercial money market. The market rate of interest will then advance to that

previously fixed by the Bank as their public rate for commercial bills, which will occasion such bills to be immediately sent to the Bank for discount. The Bank *then* becomes the main support of the commerce of the country. A material difficulty exists under the present system, *i.e.*, the Usury Law which limits the discount rate to 5 per cent., because this limitation might lead to rationing of credit "by quantity or description of the bills to be tendered for discount; either of which last measures would be equally detrimental to the commerce of the country."

The policy of the Bank as a whole was thus as follows. Normally the cash reserve should be one-third of the liabilities. Drains of gold abroad should be met by a reduction of liabilities, and the drain would then be self-correcting, since the liabilities would be *pari passu* reduced. If this reduction of liabilities meant a rise of the open market rate to the level of the Bank rate, Government securities should be sold and discounts expanded. What was not noticed clearly was that, since a *pari passu* reduction of reserve and notes or deposits decreased the reserve proportionately more than it did the liabilities, to maintain a one-third ratio was inconsistent with maintaining the securities even—or, what is the same thing, the more even the securities were kept, given a drain, the more the remaining reserve fell off from its proper proportion. In fact, however, the rule of the one-third cash ratio became an ideal to be aimed at, rather than a working rule strictly observed.

The table (on p. 56) shows, in fact, that, whilst the Bank was fairly successful in maintaining an even volume of securities, it was not by any means so successful in maintaining the one-third cash ratio, and, in fact, the two are really inconsistent with one another.

BANK STATEMENTS, 1824-32

		Circulation.	Deposits.	Total Liabilities.	Public Securities.	Private Securities.	Total Securities.	Bullion.	Cash Ratio to Total Liabilities. %
1824	Feb.	19·7	10·1	29·8	14·3	4·5	18·8	13·8	46
	Aug.	20·1	9·7	29·8	14·6	6·3	20·9	11·8	40
1825	Feb.	20·8	10·2	31·0	19·5	5·5	25·0	8·8	28
	Aug.	19·4	6·4	25·8	17·4	7·7	25·1	3·6	14
1826	Feb.	25·5	6·9	32·4	20·6	12·3	32·9	2·5	7
	Aug.	21·6	7·2	28·8	17·7	7·4	25·1	6·8	24
1827	Feb.	21·9	8·8	30·7	18·7	4·8	23·5	10·2	33
	Aug.	22·7	8·1	30·8	19·8	3·4	23·2	10·5	35
1828	Feb.	22·0	9·2	31·2	19·8	3·8	23·6	10·4	33½
	Aug.	21·4	10·2	31·6	20·7	3·2	23·9	10·5	33
1829	Feb.	19·9	9·5	29·4	19·8	5·7	25·5	6·9	24
	Aug.	19·6	9·1	28·7	20·1	4·6	24·7	6·8	24
1830	Feb.	20·0	10·8	30·8	20·0	4·2	24·2	9·2	30
	Aug.	21·5	11·6	33·1	20·9	3·7	24·6	11·2	33
1831	Feb.	19·6	11·2	30·8	19·9	5·3	25·2	8·2	26
	Aug.	18·5	9·1	27·6	18·1	5·8	23·9	6·4	23
1832	Feb.	18·1	8·9	27·0	18·5	5·8	24·3	5·3	20
	Aug.	18·8	11·4	30·2	20·8	5·2	26·0	7·2	24

The years 1832-40 were marked by two periods of pressure—1835-6 and 1839. Before dealing with them it must be borne in mind that the Bank Act of 1832 amended the Usury Laws, and thus left the Bank free henceforward to raise the Discount Rate above 5 per cent. A further step in the evolution of Central Banking consisted of the first compulsory publication of accounts : it is true only in averaged form ¹ and with much misgiving on the part of a section of the City.

On the basis of these figures the Select Committee on Banks of Issue in 1840 published the following table ² :—

¹ III & IV Will. 4, c. 98, sec. viii.

² Appendix, No. 15, p. 105. The figures for each month (averaged with preceding months) will also be found in Appendix, No. 1. The weekly statements *in detail* constitute Appendix, No. 12, pp. 25-96.

AVERAGE QUARTERLY ACCOUNT OF THE LIABILITIES AND ASSETS OF THE BANK OF ENGLAND, AT THE UNDER-MENTIONED PERIODS

		Notes in Circula- tion.	De- posits.	Total ¹ Liabili- ties.	Securi- ties.	Bullion.	Cash Ratio against Total Liabili- ties. ¹ %	Bank Rate.
1832	April	18·5	8·7	27·2	24·2	5·4	20	4
	July	18·0	9·0	27·0	23·6	5·8	21	4
	Oct.	18·2	10·9	29·1	24·0	7·4	27	4
1833	Jan.	17·9	11·7	29·6	22·8	9·0	30	4
	April	19·3	12·8	32·1	24·3	10·1	31	4
	July	19·3	12·0	31·3	22·8	10·7	34	4
	Oct.	19·8	13·1	32·9	24·2	10·9	33	4
	Dec.	18·2	13·1	31·3	23·6	9·9	31	4
1834	April	19·1	14·0	33·0	26·0	9·4	28	4
	July	18·9	15·1	34·0	27·6	8·7	26	4
	Sept.	19·1	14·6	33·7	28·6	7·5	26	4
	Dec.	18·1	12·3	30·4	26·2	6·7	21	4
1835	March	18·5	11·6	30·1	26·4	6·4	21	4
	June	18·3	11·0	29·3	25·7	6·2	21	4
	Sept.	18·2	13·4	31·6	28·1	6·2	19	4
	Dec.	17·2	18·7	35·9	31·7	6·8	19	4
1836	March	18·0	15·3	33·3	28·4	7·8	24	4
	June	17·9	13·8	31·7	27·2	7·4	23	4 (July 4½)
	Sept.	18·2	13·9	32·1	29·3	5·6	18	5
	Dec.	17·3	13·9	31·2	29·7	4·4	14	5
1837	March	18·4	11·7	30·1	29·3	4·1	14	5
	June	18·2	10·4	28·6	26·9	4·8	17	5
	Sept.	18·9	11·0	29·9	26·5	6·5	22	5
	Dec.	17·9	10·4	28·3	22·4	8·5	29	5
1838	March	18·9	11·4	30·3	22·9	10·1	33	4 (Feb.)
	June	19·0	10·4	29·4	22·3	9·7	33	4
	Sept.	19·6	10·0	29·6	22·8	9·6	32	4
	Dec.	18·4	9·4	27·8	20·9	9·4	33	4
1839	March	18·3	9·3	27·6	23·0	7·3	26	4
	June	18·1	7·6	25·7	23·9	4·3	16	5 (May 5½)
	Sept.	17·9	7·6	25·5	25·9	2·8	11	6 (Aug.)
	Dec.	16·9	6·4	23·3	22·5	3·2	14	6
1840	March	16·8	7·7	24·5	23·1	4·4	18	5 (Jan.)

¹ Added.

From this table it is again obvious that, whilst the Bank was neither successful in keeping the securities even nor in maintaining the rule of the one-third cash cover, the cash fluctuated much more considerably than the securities. It is also clear from the figures that in

1839 there *was* a simultaneous decline in the Note Circulation and the Bullion held, though the decline in the latter between March and September was much the greater absolutely.

Discussion as to Bank policy in this period turns on two points: the first, the failure of the Bank to adhere to the rules which it had laid down for itself in 1832; the second, the direct responsibility of the Bank for the difficulties of the two periods of pressure. These two matters are obviously connected with one another, and the connecting link is provided by two outstanding acts of policy. In 1834-7 the Bank received on deposit certain special accounts: ¹ the proceeds of the sale of the commercial assets of the East India Company to a maximum amount of £4,700,000 (January, 1837); "temporary accumulations of savings bank money, to the amount of £3,000,000, between the 14th of February and the 8th of October, 1834," and in 1835-6 sums on account of the West Indian loan, intended to compensate the slave-owners and only gradually drawn upon. These amounts gradually rose from about £1·8 millions in August 1835 to a maximum of £9·1 millions on October 20th, and fell again to £1·2 millions in April 1836. Now the Bank had paid interest on the East India deposit and had re-lent the money to bill-brokers at the same rate; the West India money was also re-lent, by notices given in the Press and at the market rate of interest, therefore below Bank rate. Part of the sums so lent were advanced to "parties connected with the Stock Exchange, who held the loan," the Bank lending not only against Exchequer bills, but also against stocks, a departure from its formal rule.

¹ For full details, see *Inquiry into Banks of Issue*, 1840, Evidence of J. H. Palmer, QQ. 1149 *et seq.* The circumstances of the period 1835-6 were responsible for two celebrated tracts by Palmer and Overstone.

It is clear that sums of this magnitude, when withdrawn from the market, cause a stiffening of market rates and would lead to increased borrowing at the Central Bank. But if such extra deposits came in at a time when the market *ought* to be in the Bank, to re-lend below Bank rate is to waste a golden opportunity. The Bank defended its actual policy on the ground that the East India Company, if not given interest, could have lent the money out itself, thus increasing the circulation of the Bank in any event, and as regards the West India money, the Bank alleged that re-lending the money was part of the "tacit agreement between the Treasury and the Contractors," that is, the issuing syndicate.¹

The situation in 1838-9 also presented points of great importance. In 1836-7 the Bank had considered itself obliged to come to the assistance of certain Irish and British banking establishments and, further, to assist houses holding large quantities of American paper, the Bank advancing as much as £6,000,000.² The American difficulties, so far from coming to an end, continued into 1838, and in April 1838 the Bank exported £1 million in gold to the States, the Bank hoping "that the restoration of specie payments by the Banks in America might be facilitated by that supply at an earlier period than might otherwise have taken place, and with that resumption a restoration of their import trade in which the manufacturers of this country are so largely interested, and by which revival of exports from hence any contraction of our currency would have been prevented. To a certain degree the effect contemplated was produced in the year 1838-9; but the benefit of the advance has since been counteracted by a second prostration of credit throughout the United States, and which continues to the present

¹ Horsley Palmer, Q. 1241.

² Horsley Palmer, Q. 1285.

time.”¹ In the spring of 1839 the discounts began to increase, the Bank selling Government securities to meet the pressure, and a great drain of bullion set in, part of which was attributed by the Governor to “the doubt existing upon the Continent, after May and June 1839, of the ability of the Bank to maintain specie payment, the consequence of such apprehension having been the transmission of all long-dated bills upon this country for immediate discount, and return of their values, and the withdrawal of monies to a considerable amount deposited in this country for foreign account.” The Bank had to draw upon Paris by means of credits arranged for in its favour. Up to June the credits so arranged (by Barings) were half a million; between June and October the amount was £2½ millions. As early as February 16th, 1839, the bullion was as low as £1,087,000, so that, in effect, as the weekly returns printed in 1840 clearly show, the Bank was without any “treasure” at all for a large part of the time and was even in debt to the merchant bankers as well.² Pressed by the Select Committee of 1840 to explain why the Bank did not part with more of its securities, especially the “Deadweight”—that is, the annuities it had bought in 1824—the Governor, in effect, argued that it would have been a useless sacrifice. They had raised the interest rate, but it had had no effect in checking the demand for discounts; raising the rate further would not have been “attended with any beneficial effect in reducing the securities”; in fact, adherence to any principle was impossible in 1839: “the principle of 1832 had always reference to ordinary circumstances, and I do not consider that the year 1839 was of that character.”³ But the fact is that, throughout the period

¹ Horsley Palmer, Q. 1327.

² The details as to these foreign credits will be found in Horsley Palmer's evidence, QQ. 1362–89.

³ Horsley Palmer, Q. 1426.

1832-9, "the principle of 1832" was hardly observed, as the unhappy Governor was in fact forced to admit in an amusing cross-examination which is too long to quote here in its entirety, but of which a part may be given :—

1572. Can the Bank do otherwise than invest such portion of the deposits in securities without loss to themselves?

Certainly not.

1573. Are not the causes which determine the amount of their deposits beyond their control?

Certainly.

1574. Does not this render it difficult for them, with reference to their functions as bankers, to keep the amount of their securities even?

I think not, when the deposits are not of a special character.

1575. Were not the securities in the autumn of 1835 increased to a considerable amount, in consequence of the increase of deposits, over which they had no control?

Of that class of deposits certainly, which were of a special character.

1576. Did not a similar cause operate throughout the whole time of the increased amount of deposits in the shape of East India Company's balances?

Of the monies specially advanced to the Bank of England upon loan by the East India Company it did.

1577. Does not this render it difficult for them to keep the amount of the securities even?

Under such circumstances, undoubtedly.

1578. Were not such causes operating throughout the years 1834 and 1835 from the money belonging to the savings banks, the East India Company and the West India Loan?

Certainly.

1579. Were they not affected in a similar manner throughout the years 1836 and 1837 by the advance which they thought necessary to make in support of commercial credit?

Certainly.

1580. Was not their principle of management in like manner infringed upon in the year 1838 by the export of gold to the United States, which they thought it necessary to make for the purpose of assisting in the restoration of the export trade of this country?

Yes.

1593. Was not the principle of management of the Bank infringed upon in the latter part of the year 1839, by the peculiar circumstances of that year stated in your former evidence?

Yes.

It is not surprising that this catechism should have been followed by the query whether the Governor could not "now suggest any other course which it would be advisable for the Bank to pursue as to the principle of its management?" Horsley Palmer thought that nothing was possible, except holding a larger reserve, "but which I am not prepared to say the Bank could do, without means being devised to remunerate that establishment for the expense and charges that would attend such a measure!"

TOOKE'S CRITICISM OF BANK POLICY

The fact that by 1840 Tooke was in violent opposition to the line of criticism to which the events outlined above had conducted Overstone, Torrens and Norman should not blind one to the fact that Tooke at this stage was no friend to the policy pursued by the Bank. He was, in fact, highly critical, and his criticism appears to a modern reader as a curious amalgam of obtuseness and insight.

He was, to begin with, an almost violent opponent of what, in his third volume, he describes as "the supposed duty of the Bank of England to accommodate the Trade, and to support the commercial Credit of the Country." Traces of this doctrine already appear, very clearly expressed, in his comments upon the policy of the Bank at the end of 1825: the directors "adopted the bold and somewhat empirical, but (*as it turned out to be successful*)¹ the salutary measure of enlarging their issues by discounting freely at 5 per cent. . . . all mercantile paper that had any pretensions to security. As the exchanges had, before this determination of the Bank, taken a decidedly favourable turn, so as apparently to insure a large influx of bullion, and as it was a paramount object to allay the existing alarm, by the substitution of paper of undoubted credit for so much of the country notes, which had proved to be insecure; the operation was, when all the reasons for it became manifest, justifiable upon grounds of sound policy. *But the precedent is dangerous, and may be followed under circumstances which may not carry with them, as in this instance, their justification.*"² . . . And the praise which is often in so exaggerated a manner bestowed upon that measure has the tendency to confirm the directors in a persuasion to which they were previously too prone, that it is a part of their functions to promote and uphold the commerce of the country; whereas, in truth, the trade of the country can never be in a satisfactory state if it is in any way made to depend upon the patronage and protection of the Bank. All that is required, all that can be desired, of the Bank is that, as a source of the issue of paper money, it should strictly preserve its paper in a sound state; that is, that it should be regulated in such a way as to preserve under all circumstances a due proportion of bullion to its liabilities. With a due attention

¹ Italics not in original.² Italics not in original.

to that point, the directors might safely leave the trade of the country to its own resources." ¹

The whole topic is more fully treated in Section 3 of Chapter III of the third volume. A vague feeling exists, he argued, that the mercantile community can claim of right to discount at the Bank, an unsubstantial claim which appears to him to be admitted by the evidence given by the Bank directors before the Bank Charter Committee in 1832,² whereas the real truth is that "this self-imposed duty of the Bank to uphold the credit of the country would, in my opinion, be found, under many conceivable circumstances, to be incompatible with the maintenance of its own credit, that is, with the fulfilment of its own engagements to pay its notes in coin." ³ The Bank quite gratuitously assumes that it is its duty to "support the commerce of the country," but though "this doctrine is specious and popular, and the motives of the directors, in being guided by it, may be praiseworthy," nevertheless, "as long as it is entertained and acted upon, *at least without a very much larger amount of bullion than has hitherto been retained*,"⁴ there can be no consistency in the regulation of the issues, nor can there be any security against a frequent occurrence of the danger or suspension of cash payments."⁵ All that the Bank does is to offer the "prospect of protection . . . against the effects of overtrading." But the mercantile public must put up with the effects of a *high rate*, as they are perfectly willing to put up with the effects of a low one. He sums up emphatically that "there is no point connected with the regulation of the currency upon which I have a stronger conviction . . . than that the directors of an establish-

¹ *History*, Vol. II. p. 187.

² *Vide* the Evidence Cited, Vol. III. pp. 104-10.

³ *Op. cit.*, p. 108.

⁴ Italics in original.

⁵ *Op. cit.*, p. 110.

ment which is entrusted with the administration of a sound paper circulation ought not to be allowed to consider themselves at liberty to depart from the strict rules laid down for regulating it, in consequence of any views which they may entertain, of the claims of the mercantile interests for accommodation, or of inconvenience to trade from not regarding them." ¹

One has an uneasy feeling that Tooke here saw a good deal less clearly than the Bank directors whom he was attacking, and that, by shifting his ground half-way through his argument from discounting to the rate of discount, he was obscuring the real point at issue. That the Bank ought to be guided in the amount of its issues by the wishes, the hopes or fears of the business world is certainly undesirable, and had been denounced thirty years before Tooke by H. Thornton in a brilliant phrase,² which one cannot forbear to quote; but, nevertheless, our whole concept of the true function of a Central Bank *in a period of crisis* is exactly the opposite to that of Tooke: *unless the Bank then discounts, it cannot maintain "the safety of the Establishment."* ³ But it may quite well be the case that, because the Central Bank must assume the responsibility *then*, it ought not to discount freely before the emergency arises, and that the Directors freely admitted. Bank rate ought to be above market rate, expressly to safeguard the ultimate availability of the resources of the Bank.⁴ But that the Bank Directorate was itself far from clear as to the implications of its principle emerges at once if it is realised that the Directorate held it incumbent upon itself not to antici-

¹ *Op. cit.*, p. 112.

² *Paper Credit*, p. 295. "To suffer either the solicitations of merchants, or the wishes of Government, to determine the measure of the bank issues, is unquestionably to adopt a very false principle of conduct."

³ As Thornton had urged in 1797.

⁴ *Vide supra*, p. 69.

pate events,¹ a line of argument which Tooke fiercely attacked. The adoption of the standpoint that it was no part of the function of the Bank to prevent overtrading from working out its natural consequences—which a later generation was to use in defence of the Bank Act of 1844—did not, however, prevent Tooke from seeing very clearly that the British banking system was already based upon the principle of a single reserve. The convertibility of the note *ought* to be the first preoccupation of the Bank, *because* “as long as the Bank of England holds the situation which it does, its coffers must of necessity serve as the resource for all the other banks in the Kingdom to supply any casual demand for gold beyond their ordinary current purposes. And it is upon the treasure of the Bank of England that all the demand for gold for export operates, when either the balance of trade, or foreign financial operations, or a temporary surcharge of our own circulation, entail a sudden call for payments abroad, to an unusual extent which can be supplied only by the transmission of bullion.”² In view of this, he called, as early as 1838, for a minimum reserve of ten millions, the experience of fourteen years appearing to give “good grounds for believing that not less than ten millions can ever be considered as a safe position of its treasure, seeing the sudden calls to which it is liable.”³ This argument and the figure assigned in connection with it sound strangely familiar, but that is not surprising. The argument is the argument of Walter Bagehot and the figure is the one he suggests as the “apprehension minimum” of the Bank.⁴ In this respect, at least, Tooke saw deeply into the nature of the problem.

¹ *Vide supra*, p. 56, and J. Horsley Palmer, *Causes and Consequences of the Pressure upon the Money Market*, 1837, p. 36.

² *History*, Vol. II. p. 331.

³ *Op. et loc. cit.* Italics in original.

⁴ *Lombard Street*, 1915 ed., p. 307.

Indeed, Tooke's criticism in detail of Bank policy during this period is almost wholly admissible. For whatever may be thought of the connection between the state of the circulation and the level of prices, and whether or not it is the duty of the Bank to act as the final source of rediscounting facilities, it is clear that a falling Reserve ought to induce a cautious attitude on the part of the Central Bank and that it ought to utilise what power it possesses to mitigate the dangers of a possible drain. Now it is Tooke's point that the Bank did not act early enough and did not use all the opportunities at its command. Thus, in 1824-5, the drain began to be marked from October 1824, and was still more decided in February 1825 (the Bank having lost five millions in a year); nevertheless, the securities were up by six millions: the Bank "might not have been able effectually to repress the spirit of speculation, the motives to which were then so powerful; but the misfortune was, that not only did the Bank not do what was practicable to check, but it did the very reverse, it actually added to the existing facilities";¹ and having, during this very period, reluctantly acquired by purchase a large Government annuity, it made no effort to sell any part of it, though the "prices of the public securities were still high, and annuities, such as the deadweight, were perfectly marketable."²

Again, in dealing with the period 1833-7, he rightly condemns the Bank for not utilising the opportunity which the unusually large deposits gave the Directorate, of moderating, instead of supporting for so long a period, by means of their loans to the money-dealers, the rising tide of credit. The special deposits were the very crux of the situation: "the retention of the deposits would have effected a *due contraction*, and would have caused an advance of the rate of interest, *without an effort and almost*

¹ *History*, Vol. II. p. 178.

² *Op. cit.*, p. 180.

imperceptibly, to the great benefit of the commerce of the country, which suffered essentially by the course that was unfortunately adopted.”¹ Such a rise in the interest rate would have checked reliance by America on the resources of the London market, would have checked the foundation of the new joint stock banks, and would have checked also “the power of rediscount by the joint stock banks, which some of them exercised so mischievously.” He cannot understand why the Bank should profess that it could not have acted in anticipation of events, for “this is as much as to say that they sinned with their eyes open, because *upon principle* they were expected to act as if their eyes had been shut.” And when they did act, the rise in the discount rate was totally inadequate.²

Even Tooke’s considerable powers of vituperation almost fail him when he is considering the events of 1838–9. The Bank escaped suspension by a narrow margin, and the escape was “attended by circumstances of almost national humiliation in the application of the Bank of England for assistance from France.”³ This time a new note creeps into the criticism: not only is the Bank convicted of neglecting to raise its charges for money at the time when market rates were rising⁴ (the Bank actually offering increased facilities); not only did the Bank neglect the signs of the times “on principle,” but the Bank is this time charged with overlooking its duty in its regard for the pecuniary interests of the proprietors. The export of gold to the U.S.A. was not only unwise in the extreme,⁵ but also “forms an additional instance of the impatience which, as exhibited on former occasions, the Bank seems to have felt whenever there has been an accumulation of treasure in its coffers, and of its resort to

¹ *Op. cit.*, p. 395. (Italics in original.)

² *Op. cit.*, pp. 299–300.

³ *History*, Vol. III. p. 90.

⁴ *Op. cit.*, p. 84.

⁵ *Op. cit.*, p. 81.

some unusual effort to get rid of it,"¹ whilst the efforts of the Bank to get rid of the deadweight annuity "proved to be, as seems to have been intended, a mere brutum fulmen": the public was unfortunately right in its suspicion that "the Bank was not sincere in this announcement of an intention to part with its deadweight; and that it only made the demonstration with a view to make it appear that it was doing all in its power to reduce the circulation, while, in fact, it was not disposed to make any real sacrifice for this purpose."² Instead of acting on the sound principle of making a small loss if necessary, "the directors resorted to the discreditable expedient of applying for assistance to a set of Paris bankers, who, after much hesitation and much humiliating inquiry, consented to grant it."³ Was it the memories of the old war, or approaching age, or a mere re-echoing of Ricardian suspicion of the Bank, which drew forth these embittered remarks? But these animosities were about to die down: in 1840 the stage was set for the final battle, which was to last to Tooke's death.

THE APPROACH TO THE BANKING THEORY, 1826-39

The most important requirement in studying the origins of the banking legislation of 1844 is a conscious dissociation of the familiar sequences of thought by which that legislation was, respectively, originated, attacked and defended. Such a conscious mental effort will soon show that the premises adopted, whether valid or invalid, do not necessarily lead to the conclusions which were drawn from these premises by the men of the time. The view that a mixed circulation of paper and coin ought to be made to behave as a currency entirely composed of coin would have done does not in the least imply that the

¹ *Op. cit.*, p. 79. ² *Op. cit.*, p. 88. ³ *Op. cit.*, pp. 88-9.

whole of the paper circulation need be covered by gold : it suffices if the fluctuations of the paper circulation are governed by fluctuations in the cash reserve. To argue otherwise is to confuse the thesis that a mixed circulation ought to be made to *behave* as if it were purely metallic with the thesis that a mixed circulation ought to be *identical in its ultimate composition and amount* with what it would have been had it been purely metallic ; the second of these theses implies the first, but the first by no means implies the second. Nor does the view that an ideal currency behaves as if it were purely metallic imply a " separation of the departments " ; for, if a bank issues notes and holds deposits, a rigid reserve ratio applied to both will cause the variations in the aggregate circulation to vary with the reserve. Even if the necessity for a separation of the departments be granted, it does not follow that in the Note Issue Department there must be a gold cover of 100 per cent. (Ricardo's original suggestion, for instance, implied a reserve of only 20 per cent.). Nor is it true that, given a separation of the departments, the utility of such a separation can be disproved by showing that the circulation of notes *in the hands of the public* will not alter even in periods of drain due to an unfavourable state of the foreign exchanges, because a separation of the departments, whilst specifically protecting the note-holder, still forces the Bank to take precautions if its reserve of notes falls off ; though it is true that a separation of the departments does not relieve the Bank from having to maintain a large reserve against its deposits. The view that deposits are not money does not imply that a Bank accepting deposits ought to be free to keep as large or as small a reserve as it likes, and the assimilation of convertible notes to deposits in this respect does not invalidate the view that they ought not to be subject to legislative control : the view

that a convertible note cannot be re-issued begs the question so long as it is not clear whether, when presented, they will be convertible. In a word, there is a great gulf between the premises and the conclusions of the great protagonists and opponents of the Bank Act of 1844.

By 1840 the conflict had already reached an advanced stage—the stage when intellectual ideas are so far widely held that they can be adopted as the foundation for Parliamentary debate. The Parliamentary Inquiry into Banks of Issue of 1840, which was presided over by Sir Charles Wood, shows that the ideas both of the Banking and of the Currency Schools were used as the basis for the cross-examination of witnesses. The fact that Tooke was a witness in that year, and the further fact that the third volume of the *History* appeared in the same year, are important circumstances in the chronology of Tooke's mental evolution. For, in the period between the writing of the third volume and his appearance before the Committee of Inquiry, Tooke definitely shifted his ground and, from being a modified Ricardian in currency matters, he had become a definite opponent of the Currency School. His mental evolution can be clearly traced through the tract of 1826, the evidence before the Bank Charter Committee of 1832, the third volume of the *History* and the evidence of 1840. Having once definitely adopted the new point of view, he supported it with increasing vehemence in later years, but 1840 marks the transition.

The Bank Act of 1844 developed out of the policy of 1832 in the sense that the Currency School took the implications of that policy for granted, and argued that it was impossible for the Bank to adhere to its declared intentions without a radical change in the organisation of the Bank. *If* the securities were to be kept steady and the action of the public was to govern the fluctuations

of the note circulation, that could only be achieved by separating the management of the circulation from the management of the deposits, or, what is more important, segregating the assets held against the notes from the assets held against the deposits. " In the available funds of the Bank, to be invested in the manner and in the proportions already stated, were included not only the funds arising from the issue of a paper circulation, but also the funds arising from the strictly banking operations of the concern; the Deposits were included as well as the Circulation; and thus a rule, simple and almost perfect for the management of a paper currency, was applied to the double purpose of regulating the operations of a Bank of Deposit, as well as of a Bank of Issue. The principles upon which these two branches of business ought to be conducted are perfectly distinct, and never can be reduced to one and the same rule. Nothing more sound in principle, nothing more safe in practice, than to invest a certain portion of the proceeds of a national paper currency in fixed securities and to retain the remaining portion in coin or bullion, taking care that the proportion shall be so fixed as to leave the bullion sufficient to meet all the usual, and indeed all the reasonably possible, fluctuations of amount. On the other hand, the only rule applicable to the management of banking deposits is that of increasing investment in securities as the deposits increase, and again realising a portion of those securities, as the deposits are withdrawn. The two things, the management of a paper currency and the management of banking deposits, cannot be blended together in one system and treated as subject to the same laws and to be governed upon the same principle. The attempt to do so is like that of the unskilful chemist who attempts to unite together substances which have no affinity and will not combine, and therefore obtains only

a confused and useless mixture where he looked for a perfect chemical compound.”¹

Now, from this point of view, it was not at all an argument against the Separation of the Departments that cases had occurred in which a reduction of the reserve had been accompanied by a reduction in the deposits, and not in the circulation. The supporters of a separation were, indeed, perfectly familiar with the facts.² But they argued, first, that experience showed that the Bank so mismanaged its affairs as seriously to endanger the convertibility of the notes—that is, the fact that the reserve fell off though the notes did not was taken as evidence, not of the improbability of the notes being presented for encashment, but as evidence of the inability of the Bank to meet a demand for encashment if it did occur—second, that an increase in the securities of the Bank unaccompanied by an increase in the circulation did not produce any effects “other than is produced by an increase in the securities in any other Bank.”³ An increase in the note circulation implied an increase in the quantity of currency; an increase in the volume of deposits did not. Consequently, a decline of the cash ratio in the banking department could be regarded with equanimity.

The view that deposits are not “money” does not in the least involve the particular deductions drawn by the convinced adherents of the Currency School. On this point Horsley Palmer, the butt of Overstone’s brilliant pen, saw much more clearly than Overstone himself. Before the 1840 Committee he pointed out, whilst accepting the view that it ought to be the policy of the

¹ Overstone, “Remarks on the Management of the Circulation, etc.,” 1840, in *Tracts*, p. 62.

² *Vide e.g.* G. W. Norman, *Committee on Banks of Issue*, 1840, QQ. 1675, 1677, 1681, 1890.

³ *Idem*, *op. cit.*, Q. 1686.

Bank "to allow the contraction of the currency, affected by the return of Bank notes, gradually to proceed till the value of the paper currency remaining was so far increased as to occasion the return of specie to the Bank which might have been exported, and then to replace the currency on a level with that of other countries,"¹ that by "circulation" ought to be understood "circulation and deposits of the Bank of England: there would always be a certain portion of the deposits of the Bank of England which may be fairly considered as appertaining to the circulation."² This being the case, whilst Palmer did not "consider that the deposits held by the Bank of England form part of the circulation or money," he did, nevertheless, consider that there were "deposits to a considerable extent in the Bank of England and other issuing banks varying from deposits of an ordinary character, which it is not prudent to invest in securities bearing interest,"³ and he further agreed that "in consequence of the credit which persons may have by means of their deposits in the Bank of England," if there were a separation of departments, "the reserved notes of the Bank of England would be more liable to be drawn out than the reserved notes of other non-issuing banks are."⁴ But the fact is that, from the standpoint of Central Banking policy, the whole of the interminable dispute on this point is completely irrelevant. The expediency or in expediency of the separation of departments cannot be judged by this criterion at all. The conflict—if it is to be restated in terms of the vital matters which were involved—concerned three points: the degree of discretionary authority which a Central Bank ought to possess, the degree to which the note issue ought to be unified in the hands of a single authority, whether Central Bank or the State, and the extent to which any outflow

¹ Q. 1552. ² Q. 1553. ³ Q. 1559. ⁴ Q. 1564.

of bullion from the Bank ought to be the signal for a reduction in the volume of purchasing power.

It now becomes necessary to trace the development of Tooke's mind up to the point at which he became a convinced opponent of the Currency School. In his *Considerations on the State of the Currency*, it will be remembered, he had outlined an important theory of the relations between the rate of interest, the volume of currency and the level of prices. So far as the point immediately before us is concerned, he stressed two aspects: the importance attaching to, and the frequent evils associated with, private issues of paper. "Next to the administration of the State, there is no administration of any office so immediately and extensively affecting the interests of the community as that which is entrusted to the persons who are invested with the privilege of issuing paper money, and who, by the manner in which they exercise that privilege, have it in their power to produce great changes in the property and condition of any individual in the Kingdom. *No man, nor set of men, ought, in my opinion, to be intrusted with that privilege*, but, being so intrusted, their exercise of it ought to be subjected to the constant control and correction of public opinion."¹ The State does not sufficiently protect the note-holder: "Every adventurer who chooses to follow the trade of a banker is allowed to issue a spurious paper money, which, having neither intrinsic value nor any adequate security for eventual convertibility, is in too many instances neither more nor less than a fraud: a fraud of which the most numerous and most helpless classes, and those who can least bear the loss, are most common of the victims."² Lastly, especially in connection with the small note, they can produce "a greater range of fluctuations"—and, though so long as the paper is convertible it must in the

¹ Pp. 124-5. (Italics not in original.)

² P. 128.

end conform to the value of gold in the "rest of the world," yet "the interval during which it may diverge from that value, owing to a partial excess, may be greater, as I have endeavoured to prove, than is commonly supposed."¹

The attitude here is still largely Ricardian, and Tooke still maintained in 1832, when he gave evidence before the Bank Charter Committee, views which are in sharp contrast to those of a few years later. By 1832, it is true, he was sharply stressing the lack of coincidence, at certain times, between the movements of prices and of the circulation: "My objection," he said, "is to the assumption of the constant influence of the amount of the issues of the Bank of England upon prices, without a consideration of the circumstances existing at the time of enlarged issues or of contraction."² On the one hand, he argues that he had "always acknowledged the general principle that, other things being the same, variations in the amount of the circulating medium have a tendency to influence prices,"³ on the other, "that in point of fact and historically, in every signal instance of a rise of prices and a fall of prices the rise or the fall has preceded, and therefore could not be the effect of, an enlargement or a contraction of the Bank circulation."⁴

But in 1832 Tooke was still prepared to make large concessions: he admits that in supposing an increase of notes consequent upon Government borrowing to have no effect upon prices, "I assume that the notice of the Public had not been drawn to the financial operation leading to the increased issue, because if the attention of the commercial Public were drawn to it prospectively, this very circumstance might form the groundwork of speculation, and in that case a rise of price, in consequence of the increased issue, would be followed by a corresponding fall upon the

¹ *Considerations, etc.*, p. 131.

³ Q. 5439.

² Q. 3949.

⁴ Q. 5449.

contraction";¹ that is, Tooke admits the influence of *anticipation*, and he also admits that, whilst an "increase of paper is most commonly the consequence of a tendency from other causes to a rise of prices," still "the increase of paper *does admit of that tendency operating to a greater extent.*"² He was still strongly impressed by the danger that the independent issuers of bank notes—that is, the country banks—might interfere with the proper management of the note issues, and this was the ground of his favouring a single source of issue,³ and, but for the danger of abuse, "I should say that all paper money ought to be issued by Government, just upon the same ground that coin is so issued as the exclusive privilege of the State."⁴ Most important of all, he objects to the issue of notes "through the medium of discounts or accommodation to individuals, and for this reason, that the demand for accommodation in the way of discount or loan by individuals is very often, if not generally, in exactly an inverse ratio to the demands of the circulation, so that at the time when there is the greatest inducement among the customers of Country Banks or of the Bank of England to borrow, is very often precisely that period at which it is most essential to contract the circulation; therefore there is very often an excess of issue through the medium of private credit, *which would not occur if the issues were regulated upon the principle of substitution of paper for what otherwise would have been the circulation of gold.*"⁵ Now this is, of course, the fundamental thesis of the "Currency School," and seems to place Tooke definitely among the Elect at that date. At that date, also, Tooke was still of opinion that there was a "very important" difference between "a person who issues to a very large

¹ Q. 5454. ² Q. 5448. (Italics not in original.)

³ QQ. 3906–8. ⁴ Q. 3934.

⁵ Q. 3960. (Italics not in original.)

amount bills of exchange and the person who issues cash notes, as far as regards his credit," whilst a bill with many endorsements "is a very sound description of circulation, but it is only as a mode of economising the currency, it is not what I consider a part of the paper money, or, properly speaking, the currency of the Kingdom."¹ This is a distinction the importance of which he was at a later time wholly to deny.²

It was in the third volume of the *History* that Tooke first examined the problem of Bank policy and of the relation of circulation, deposits and prices to each other in the light of the writings of the Currency School.

The case for the regulation of banks of issue is not denied, but powerfully stressed: "*The issue of paper substitutes for coin is no branch of productive industry. It is a matter for regulation by the State, with a view to general convenience, and comes within the province of police.*"³ Moreover, Tooke is still not completely won over to the view that deposits and notes in circulation can be treated as identical from the standpoint of Bank of England policy: they are both liabilities; but ". . . the deposits differ from the Bank notes issued, inasmuch as the former, while they remain in that state, that is, in the hands of the Bank, consist of money, indeed (not, however, created by the Bank), but of money that is unemployed and inert. Whereas the Bank notes issued are so much money, all, or the greater part of which, is in actual employment, as a part of the medium, with the metallic circulation for current payments. . . . The blending, therefore, of the deposits with the Bank notes, under the

¹ Q. 3930.

² *Inquiry into the Currency Principle*, p. 32. "Sufficient grounds have . . . been stated for establishing the claim in behalf of cheques on bankers, and of bills of exchange, to be considered as performing, concurrently with bank notes, the functions of money for the purposes for which they are respectively used."

³ *History*, Vol. III. p. 207. (Italicised in original.)

term of paper circulation, and treating of them as in their origin proceeding from designed operations of the Bank, and as being identical in their action upon prices both of securities and of commodities, or, to speak in language less technical, on the rate of interest and on the prices of produce, leads inevitably to confusion, and is quite incompatible with any consistent application of their variations to elucidate the working of the system."

On the other hand, the utility of the Separation of Departments is doubted, in language much less vehement, however, than that which Tooke was subsequently to use. The plan presented two difficulties: the first, that the Reserve in the Banking Department might be exhausted, whilst the Issue Department might still be possessed of resources;¹ the second, that under it the variations in the rate of discount *might* be greater and in the majority of cases *would* be greater, than if no distinction were made between the notes and the deposits. Tooke assigned as a reason the reliance felt by the market upon the Bank as a means of rediscount. "If no such grounds of confidence existed, the limitation of discounts or loans by the bankers and money dealers would, under the first pressure, be in much greater proportion than that of the amount of reduction in the circulation." But the possibility of rediscount would depend upon the resources of the Banking Department, and these might be falling, because deposits might be, as they were in 1836, withdrawn to a large extent. The rise in the market rate would then be more abrupt than without a separation.²

THE BANKING THEORY AND THE BANK ACT OF 1844

It has already been shown that the demand for the Separation of the Departments arose out of the acceptance

¹ *History*, Vol. III. p. 178. ² *History*, Vol. III. pp. 183-4.

by the Currency School of the policies enunciated before the Bank Charter Committee of 1832 by the Directors of the Bank of England. For practical purposes it would have been enough to show that the proposed separation would work badly and that alternatives were available which would work better. Tooke's alternative to the Bank Act of 1844 was an increase in the Reserve of the Bank of England, an alternative to which he continued to adhere for the remainder of his life-time. His positive proposals must be examined at length later. But out of the opposition to the separation there grew up the view, of the nature of banking which we know as the Banking School. By 1844 that body of doctrine was completely elaborated, but it was by no means due to Tooke alone that this was so. Some of the most vital contributions were made, not by Tooke, but by John Fullarton, a writer with as brilliant a pen as Overstone, and by Gilbert, the celebrated manager of the Westminster Bank. From the standpoint of the history of doctrine, it is interesting to attempt a survey of the contribution made by each of these men, but the matter is made difficult by a very simple fact. What *are* the doctrines of the Banking School?

Tooke stated his conclusions on three separate occasions, but mainly in negative terms. He stated them in 1844 as the concluding passages of his *Inquiry into the Currency Principle*.¹ He stated them again half-way through the fourth volume of the *History*,² which appeared in 1848. As an appendix to that volume, he reprinted part of the evidence which he had given before the Committee on Banks of Issue in 1840, and provides a summary,³ though a very inadequate one: the reprinted evidence may be taken as indicating what, in his opinion, are the important points in dispute. These successive statements enable

¹ *Op. cit.*, p. 121.

² *Op. cit.*, pp. 259-60.

³ *Op. cit.*, p. 495.

one to follow the development of Tooke's mind with some degree of clearness. But it must be noted that by 1848 Tooke had incorporated, and incorporated consciously, certain elements provided by Fullarton's penetrating tract, *On the Regulation of Currencies*,¹ perhaps the most subtle and most able production emanating from the Banking School.

Tooke's line of argument in 1840 was to invert the chain of cause and effect set up by the Currency School. So far from variations in prices being caused *by* alterations in the amount of the circulation, it was the changes in the price level which caused alterations *in* the amount of the circulation. This was a point to which he had long drawn attention, so far as regards the relation between the volume of country bank issues and the state of cereal prices. But it is a state of affairs perfectly consistent with the view that the increased issues themselves *sustain the rise*, and it is *this* point which in 1840 he specifically denied, after having affirmed it in 1832.² But it must be borne in mind that Tooke denies an influence upon prices not only of an increase in the *circulation*—by which he meant Bank of England notes and the notes of country banks—but also of any increase in the *media of circulation*,³ by which he means “all instruments of interchange by which the productions and revenues of the country are distributed, everything which serves and is received as a mode of payment, or which constitutes the nominal money price which appears in price currents.” The only factor

¹ The first edition in the same year as Tooke's *Inquiry*, a second edition a year later.

² *Committee on Banks of Issue*, Q. 3622. He was referred to an answer which he gave in 1832 to Q. 3821, and answered that “I had not then divested myself of an opinion which had been, and I believe is, the prevailing one, that there is a connection between the amount of bank notes in the hands of the public and the state of prices. I do not ascribe any variation in prices to the amount of circulation, as their originating cause.”

³ Q. 3285.

affecting prices—as distinct from what he describes as “bullion-values in the commercial world,” that is, bullion prices, which *would* alter if the supply of the precious metals changed¹—are “circumstances affecting the articles, or the opinions of persons dealing in the articles.”² This line takes him back to the cost of production, and to the income theory of prices already discussed previously.³

After recording this bold reversal of the traditional position, it is hardly worth while to go into the detailed examination of the mechanism of Bank of England policy with which the greater part of Tooke's evidence is concerned. The Bank cannot voluntarily diminish its *circulation*, because “if it should wish by reducing its securities to diminish its liabilities, that diminution may fall wholly upon the deposits, and the circulation remain just what it was; therefore the language seems to me to be inappropriate and incorrect to talk of the Bank contracting its issues; the Bank can only reduce its liabilities.”⁴ This statement Tooke afterwards modified: the Bank might really contract the circulation if it sold such volume of securities as would “operate upon the minimum of the reserve of the bankers within the district to which the exclusive privilege of the Bank of England is limited,”⁵ or, as he put it in answer to a subsequent question, “There is a degree of reduction of the amount of bank notes which would operate immediately and violently the moment that, through the operation of the forcible reduction of the securities, the circulation should be reduced below that which would be consistent with the regular payments of the metropolis,”⁶ that is, gold would flow in, and a great rise in interest rates would take place. But

¹ QQ. 3300–1.

³ *Supra*.

⁵ Q. 3725.

² Q. 3302; cf. Q. 3623.

⁴ Q. 3624 (not reproduced in *History*).

⁶ Q. 3729.

this laid him open to a dangerous cross-examination, because it clearly implied some power in the Bank to modify the situation, and Tooke was driven to the weak argument "under the action of the public as we have seen it there is no direct influence of the amount of the circulation upon the efflux or influx of bullion." But then, of course, the public did not manage the Bank of England. Whilst Tooke's argument is, perhaps, valid against the doctrine, developed in 1832, of "allowing the public to act on the Bank," it is not valid against anyone who argued that the Central Bank ought to reduce the circulation *before* the public acted.

In 1844 appeared the *Inquiry into the Currency Principle*. This introduced several new points. The historical accidents which are capable of causing a change in the nature of the circulating medium employed are used to reinforce the plea that all such media are ultimately identical, and the argument is developed that the large stocks of bullion in the Central Banks may flow to and fro from one country to another "perfectly extrinsic of the amount or value of the coin circulating as money in the hands of the public and perfectly without influence on the general prices of commodities, as equally without general prices having been a cause of such fluctuations." But instead of showing, as Fullarton did, in a passage which really anticipates much of our modern discussion of the stabilising effects of central bank reserves, that an increase of such stocks may act as a stabilising influence, in spite of the fact that "for every ounce of gold which the Bank purchases it issues a corresponding amount either of bank notes or of coin,"¹ Tooke falls back upon a quite unworthy quibble—in answer to the plea that "gold and silver are money or currency and . . . the transmissions of bullion . . . have a direct operation

¹ *On the Regulation of Currencies*, 2nd ed., pp. 78 *et seq.*

upon the amount of money or currency in actual circulation in the several countries,"--by arguing that "the coins only which enter into, that is, form part of the internal circulation of the country can be designated as currency, while bullion can only be viewed in the light of capital."¹ He obviously did not consider *how* the bullion was paid for when the Bank bought it, or *how* it was paid for when it was exported.

The keynote of the tract is really the difference between Capital and Currency, and the importance of this concept for the theory of money. As between dealer and dealer, and dealer and banker, what is wanted is capital: basing himself upon Adam Smith and upon his own income-theory of prices, he argued that (1) large-scale trade, in fact, works upon the principle of offset,² (2) it is only when goods pass to the consumers that cash is really required. *Their* cash requirements are limited by their incomes, and consequently there is a limit to the amount of notes that bankers can issue. But Tooke never asked himself *why* the money incomes of consumers could not increase.

This line of argument is defended by citations from the evidence of Scottish bankers before the Select Committee of 1841. Their evidence tended to show (1) that they did not regulate their issues *but their advances* by "the state of the foreign exchanges," (2) that if they pushed their issues they came back by presentation from other banks or by inpayments from customers. Now here *was* an important point. What was, in fact, being advanced was the argument that "control of credit is more important than control of currency." Under the guise of the distinction between capital and currency, a perfectly tenable, but quite separate hypothesis was being fathered. But it must be regretfully confessed that this

¹ *Op. cit.*, p. 14.

² *Op. cit.*, p. 36.

alternative argument—which is really much the more important one for the purposes of controversy with the Currency School—comes out much more clearly in the evidence cited by Tooke than in the exposition in which those citations are embedded.¹

The obvious reason why a convertible note, whether issued by a Bank or by a Government, cannot depreciate, in terms of the standard, is, of course, that the holder of the note can demand gold or other standard metal in exchange. In the sense that the holder can demand gold or paper, then it is true that the volume of convertible paper depends upon the demand for it. Tooke was naturally aware of these considerations,² and they were the basis of doctrines, elaborated by him and by Fullarton, which left the mere consideration of convertibility far in the background. These doctrines are: that there is an essential difference between convertible and inconvertible paper, based upon the *mode of issue* and upon the possibility of the *return* of convertible paper to the issuer, the so-called Principle of Reflux.

Upon these so-called Principles it is only necessary to observe that they turn out, upon inspection, to come to very much the same thing, and that in the minds of Tooke and Fullarton they mean something different from the mere truth that, since convertible notes can be changed into metal on demand, the notes cannot fall in value below the value of the metal.

This latter point can be clearly illustrated by two

¹ But see *Inquiry*, p. 104, where it is said that the confusion between currency and capital in the minds of the members of the 1840 Committee is traceable "to the deep-seated impression which they seem to have been under that the amount of bank notes in the hands of the public was the main point for consideration, as having a direct and important influence on prices and on trade, instead of being as it is—a mere effect or indication of the circumstances which call out and maintain that amount."

² *Inquiry*, esp. p. 19, p. 70.

passages, one from Fullarton and cited by Tooke : the other, a remark by Tooke himself. " Perfect convertibility," argues Fullarton, " is no doubt one essential condition of every sound and efficient system of currency. It is the only effectual protection against internal discredit, and the best preventive of any violent aberrations of the exchange with foreign countries. *But it is not so much by convertibility into gold, as by the regularity of the reflux, that in the ordinary course of things any redundance of the bank-note issue is rendered impossible. . . .* It is the reflux that is the great regulating principle of the internal currency; and it was by the preservation of the reflux, throughout all the perils and temptations of the period of the restriction, that the monetary system of these Kingdoms was saved from the utter wreck and degradation which overwhelmed every paper-issuing State on the Continent, and which in all probability must have been likewise our fate, had our currency at that epoch been administered by a Government Board, instead of the Bank of England." ¹ And Tooke, in what is virtually a summary of Fullarton, argues that the third way in which the " law of reflux " works is that " of a return of the notes to the issuing bank by a demand for coin. The last seems, in the view of the currency theory, to be the *only* way by which a redundancy, arising from the unlimited power of issue, which they assume to exist, admits of being corrected in a convertible state of the paper. It is certainly the one least in use." ²

Reflux arises because banks issue convertible notes in the shape of loans and discounts : the *mode of issue*, then, is the determining cause of the return of the notes to the issuing Bank. It is true that Tooke (and Fullarton)

¹ Cited Tooke, *History*, Vol. IV. p. 180. (Passage not italicised in original.)

² *History*, Vol. IV. p. 185.

recognise a second cause of the reflux, namely, "by payment of the redundant amount to a banker on a deposit account,"¹ but this is not a form of reflux which necessarily destroys purchasing power, as Tooke ought to have recognised from his own previous argumentation. But, quite apart from the question whether banks issuing convertible notes *can only* issue them in this way, or *do only* issue them in this way, and apart from the further question whether, when redundant notes are returned on deposit account, this is equivalent to a cancellation of purchasing power, the whole doctrine of "demand" from which these further doctrinal issues developed involves, as expounded by Tooke, an almost fatal ambiguity. Half-way through his argument, Tooke substitutes for "demand" in the sense of "demand for commodities" another interpretation of demand, that is, "a demand for particular kinds of currency." Speaking of the purposes for which inconvertible notes issued by a Government are expended, he argues that "it is quite clear that paper created and so paid away by the Government, not being returnable to the issuer, *will constitute a fresh source of demand*, and must be forced into and permeate all the channels of circulation. Accordingly, every fresh issue, beyond the point at which former issues had settled in a certain rise of prices and of wages and a fall of the exchanges, is soon followed by a further rise of commodities and wages and a fall of the exchanges; the depreciation being in the ratio of the forcibly increased amount of the issues. It will hence appear that the difference between the paper money so issued and bank notes, such as those of this country consists, not only in the limit prescribed in their convertibility to the amount of them, but also in the mode of issue. The latter are issued to those only who, *being entitled to demand gold, desire to*

¹ *Op. et loc. cit.*

have notes in preference ; and it depends upon the particular purposes for which the notes are employed, whether a greater or a less quantity is required. The quantity, therefore, is an effect and not a cause of demand. A compulsory Government paper, on the other hand, while it is in the course of augmentation, acts directly as an originating cause of prices and incomes, constituting a fresh source of demand in money, depreciated in value as compared with gold, but of the same nominal value as before.”¹

A more complete confusion of the issues involved can hardly be imagined. It is, of course, obvious that with an inconvertible currency there is no limit to the amount that may be issued other than the decline in the value of the currency, whilst in the case of a convertible currency such a limit operates very quickly. But there is no difference between a convertible and an inconvertible currency, *within the limits to which they can be respectively issued*, as a source of demand for commodities, or as regards the influence exerted on money incomes and the foreign exchanges. Unless, indeed, a convertible currency raised prices and so made it worth while to send bullion abroad, convertibility, except in those rare cases where differential prices are permitted by a Government, would be utterly useless. The truth is that Tooke consistently neglects the fact that the money incomes which he regards as the ultimate determinant of prices on the “demand side” can swell with an increase in the volume of paper money, even if that paper money is convertible. It cannot possibly, of course, make any difference to the economic forces at work whether notes are issued directly by someone who “demands” goods or issued to someone who uses them to demand goods. It is not the “mode of issue” that matters, unless “mode of issue” is used synonymously with “convertibility,” and then, of course, the

¹ *Inquiry*, pp. 69–70. (Italics not in original.)

argument is equivalent to saying that a convertible note is convertible.

Tooke's own contributions to the Banking Theory cease at this point. But in the fourth volume of the *History* he incorporated certain arguments from Fullarton, the most important of which was the conception that, in demanding that a mixed currency of paper and coin "ought to be made to conform in amount to the same variations as would be incidental to a purely metallic currency," the Currency School was asking for something that was implicit in the nature of a mixed circulation: legislation was demanded in order to bring about a mode of behaviour that was in any case inevitable. "We are willing," says Tooke, "to consider a metallic currency as the type of that to which our mixed circulation of coin and paper ought to conform; but, further, we contend that it has so conformed, and must so conform, while the paper is strictly convertible."¹ And then he cites approvingly from Fullarton: "As a question of general principle, indeed, I am quite free to admit that the increase or decrease of a circulation of Bank notes, from whatever cause it may proceed, ought to correspond with the increase or decrease which a currency of metallic coin would exhibit under the same circumstances. But I go further than this: I contend that there not only ought to be such correspondence, but that there always is; that, whenever the convertibility of the paper is perfect and secured from all delay or impediment, the coin of full standard value in weight and fineness, and the traffic in the metal, whether coined or uncoined, absolutely free and unrestricted, there the Bank issues, if left to themselves, must necessarily fluctuate in conformity with the principles which govern the supply of the standard metal, and it is only from the intervention of some such arbitrary and

¹ *History*, Vol. IV. p. 218.

empirical system of restraint as is now projected that this conformity runs any risk of being disturbed." ¹

This argument, so destructive at first sight of the claims of the Currency School, needs very careful handling. It begs, of course, the practical question whether, as conditions were at the time, the convertibility of the paper is perfect, but that is a relatively minor matter. If the argument merely implies that a convertible note cannot be issued in amounts greater than is consistent with the maintenance of parity with international prices, *without a loss of gold taking place*, that is, of course, true. But it by no means follows that convertible notes, "if left to themselves," will "necessarily fluctuate in conformity with the principles which govern the supply of the standard metal." If the currency were purely metallic, a "drain," whether from the circulation or from the reserves, would diminish the total supply. A convertible note can be issued, in spite of a demand for gold export, until the total reserves are exhausted, the banker substituting securities for bullion or coin. If a convertible note is not issued in such quantities, it is because bankers, under a gold standard, restrict the issue sufficiently to maintain the minimum reserves they desire to hold, and not because under convertibility the note-issues may be safely left to look after themselves. The convertibility of the note is thus not necessarily a substitute for regulation, even of a convertible issue, and certainly not a substitute for precaution on the part of the issuer.

Having been a supporter of the principle of a unified note-issue for the greater part of his life, Tooke was, of course, driven by the logic of the Banking Principle into the position of defending the note issues of the private bankers, or, at least, of minimising the importance of the

¹ *Op. cit.*, p. 219 (Fullarton, *Regulation of Currencies*, 2nd ed., pp. 26-7).

arguments brought against such issues by the Currency School.¹ But that is relatively a small matter. What is surprising is that Tooke does not appear to have appreciated the importance, from his point of view, of the evidence given by Gilbert before the 1841 Committee on the seasonal fluctuations in the volume of the circulation, evidence which may be regarded as the basis of the subsequent theory of the desirability of an elastic currency. The significance of seasonal fluctuations was realised by Fullarton,² who in this matter, as in the clearness with which he states the doctrine that it is safe to go on issuing so long as there is a "demand,"³ must be regarded as laying the foundations of the Banking Theory much more firmly than Tooke, with all his prolixity, was able to do.

AFTER THE BANK ACT OF 1844; THE RESERVE AND THE GOVERNMENT OF THE BANK

For Tooke the Bank Act of 1844 was wrong in every respect—"one of the most wanton, ill-advised, pedantic and rash pieces of legislation that has come within my observation,"⁴ an "ugly excrescence, calculated to endanger the permanence and to impede and derange the operation of the measures of 1819,"⁵ and shown by its working to be "a total, unmitigated, uncompensated, and in its consequences, a lamentable failure."⁶ And Tooke

¹ The amount of the private issues is so "inconsiderable, as assuredly not of itself to be allowed to weigh in any degree worth mentioning among the reasons for the great change which has been proposed in the footing of our paper circulation by the propounders of the currency principle, that is, of superseding all other sources by a single Bank of Issue." *Inquiry, etc.*, pp. 28 *et seq.* He adhered to his view that £1 notes were a danger, but, since they were no longer issued, the occasional losses suffered by the holders of notes of higher denominations can hardly justify "an alteration of the whole system of issue in the Kingdom." An indirect defence of the private note issues is given by the comparisons with American conditions, *History*, Vol. IV. pp. 251 *et seq.*

² *On the Regulation of Currencies*, 2nd ed., p. 88.

³ *Ibid.*, pp. 84, 87.

⁴ *History*, Vol. IV. p. 354.

⁵ *Op. cit.*, p. 401.

⁶ *Op. cit.*, p. 402.

could exultingly point to the fact that the hopes of the supporters of the Act had been disappointed, whilst his own predictions and those of his friends had been verified. In 1840 he had argued that the Separation of the Departments would intensify the variations in the rate of discount, and in 1844 that the attempt to control credit so as to conserve the resources of the Banking Department in a time of pressure would in all probability break down: the Banking Department might be forced to suspend payments, whilst the Issue Department would still have a large stock of bullion—"A most absurd, however disastrous a state of things. But it would be too disastrous and too absurd to be allowed to take its course. If such a crisis were to happen, as most probably it would at the time when the dividends on the public funds became due, the Government would be imperatively called upon to interfere and prevent so ridiculous, however lamentable, a catastrophe. And the only interference that could meet the emergency would be to authorise a temporary transfer of coin from the issuing to the banking department." ¹

There can be no dispute about the facts themselves. The period beginning with the Bank Act and ending with the publication of the fifth and sixth volumes in 1857—just before the crisis of November, 1857, when the Act had to be suspended for a second time (and how Tooke would have enjoyed exploiting this fact!)—showed a very high degree of instability in the rate of discount charged by the Bank. Between September 1844, when the Act came into operation, and December 1856, there were forty-nine variations in the rate: it had been as high as 8 per cent. during the crisis of 1847 and as low as 2 per cent. in April 1852. Moreover, the rate had, as Tooke complained, been changed from a uniform rate to a *minimum* rate, so that

¹ *Inquiry, etc.*, p. 110.

at times on longer-dated bills the rate was considerably higher, whilst the Bank was no longer content with fixing a discount rate, but in periods of pressure refused to advance on Government securities at all (October 1847) or limited its loans to certain categories only (Exchequer Bills in October 1856). And, in spite of these devices, the Bank Act had to be broken within three years of its passage—against the wishes of the Directors, it is true, but broken nevertheless. With these provocative facts to be dealt with, it was natural that, particularly in the fifth volume, the general attack against the Currency School should fall somewhat into the background. The Currency School were, of course, made responsible for the particular dogmas and institutions attacked, and from the tactical point of view Tooke was fully justified in this, though it is by no means true that the fundamental theses of the Currency School are necessarily involved in the discredit which must attach to some of the practical deductions drawn from them by the Currency Theorists of the time. But though the general attack is not pressed so vigorously, some of the incidental criticism is among the best that Tooke ever produced. Thus, it was only in 1857 that Tooke produced his really effective criticisms of the principle that a mixed circulation should vary as a purely metallic one would have varied by showing that the concept of a “purely metallic circulation” is a very ambiguous one, so that it was by no means clear how a “purely metallic circulation” *would* work,¹ though the argument is somewhat weakened by the introduction of Fullarton’s argument that a mixed circulation does, in fact, vary as a metallic circulation would have varied. If no one can really tell how a purely metallic circulation would work, Fullarton is as much at sea as the Currency advocates themselves.

¹ *History*, Vol. V., Part V., sec. 11, *passim*.

The attack against the Bank Act is pressed from two fronts. Forgetting his previous objections to the commerce and trade of the country relying on the Bank to relieve the distress which over-trading brought with it, he argued, in essence, that the functions of the Bank of England as a Central Bank were endangered by the new legislation. In language which is remarkably modern in tone, he argued before the Secret Committee of the House of Commons in 1848 that "the whole of the commercial concerns of the country for one hundred and fifty years were moulded upon the elasticity of the credit of the Bank of England, and you have now taken that away, and have introduced this separation of departments, reducing the Bank of England, barring only the difference of its capital, to the same functions as those of Jones, Loyd and Company, or Glyn and Company, or Smith, Payne and Company; now that I conceive to be a most egregious error."¹ The real fault of the new legislation was, he writes elsewhere, that by it the deposits of the Bank of England were assimilated to those of other banking establishments,² whilst, to be consistent, there should have been a regulation of the reserve in the Banking Department.³ Whilst the framers of the Act of 1844 had thought that they were withdrawing the control of the currency from the Bank, "there has since 1844 been a more direct and frequent exercise of their discretion in the way of regulation, according to any intelligible sense of the word regulation, than there was before the Act of that year," because the frequent changes in the discount rate and the anxiety of the City with regard to changes in the rate were a clear proof of the importance attached after the passing of the Act to manifestations of Bank policy.⁴ Side by side with

¹ *Select (Secret) Committee on Commercial Distress, 1848: Q. 5388.*

² *History*, Vol. V. p. 543.

³ *Op. cit.*, p. 553.

⁴ *Op. cit.*, pp. 549-50.

these important criticisms, the demonstration¹ that "there is not the shadow of a foundation" for the assumptions of the Currency School that bank notes, being money, are entitled "to an especial and almost exclusive protection" and that "the function or business of creating or issuing promissory notes . . . is an indefeasible attribute and province or prerogative of the Sovereign or State" appears mere arid logomachy.

The second line of attack consisted in an attempt to prove that the Act of 1844, instead of preventing the crisis of 1847 from being less severe than previous crises had been, accentuated the danger, and this on several grounds. The legislation of the Currency School, by restricting the note-issuing privilege of the private banks, unnecessarily increased the amount of gold these were required to hold, and thus weakened the Reserve of the Bank of England.² The theory that the Banking Department of the Bank could conduct its operations on similar lines to any other bank of deposit, caused the Bank to reduce its discount rate from 4 per cent. to $2\frac{1}{2}$ per cent. on the inauguration of the new Act, and thus the Bank entered into competition with the outside market, which had the effect of accentuating the tendency, already present, to speculative excess.³ When the moment of extreme pressure actually came, it was intensified by the fear that, with a small reserve only still available in the Banking Department, the Bank would not be able to extend any further assistance to the market.⁴

¹ *Op. cit.*, pp. 517 *et seq.*

² *History*, Vol. IV. p. 380.

³ *History*, Vol. IV. p. 294. Overstone also disapproved of the "recent tendency of the Bank to become a more active and competing body, and employ its money more in the discount market." *Select Committee (Commons) of 1848*, Q. 5191. For the Governor's explanation, *Vide* Q. 2641. W. Cotton, who had been Governor at the time the Act was passed, approved of the Bank holding diversified stocks, on the ground that the Exchequer Bill market was no longer liquid. (Q. 3945.)

⁴ *Op. cit.*, p. 306.

It is impossible to deny that the Separation of the Departments, in so far as it involved a weakening of the Reserve position of the Bank, a more lax credit policy by the Directorate and the fear that, in an emergency, the re-discount facilities would be exhausted, must be condemned. But two at least of these weaknesses are not necessary consequences of the segregation of the protective cover for the notes from the cover held against the deposits. The mere division of the gold assets into two portions by no means implies that the Bank should exercise no greater care than any other bank, nor does the principle of covering the notes to the full extent by gold imply that in emergencies the rule should not be relaxed. But how far the blame for the actual course of events was to be cast upon the Bank Directorate and how far upon the advocates of a Separation of the Departments is another matter. Tooke held the view that the Directors of the Bank were only acting in the spirit of the 1844 Act, and could not be seriously blamed for any steps taken, at any rate until January 1847, and, as the rate was then raised and other repressive measures were taken, even thereafter the degree of blame which attaches to them is doubtful.¹ Overstone took the opposite standpoint: the policy of the Bank was "a step in the right direction, but the feebleness of that step was quite puerile, as compared with the magnitude of the evil which they had to deal with . . . the steps taken by them in the right direction were so slight and so feeble as to be perfectly ridiculous in reference to the character of the evil which they had to deal with."²

If Tooke was thus a violent opponent of the spirit and the detail of the legislation of 1844 it was not because he was a fervent upholder of things as they were before that

¹ *Op. cit.*, p. 301.

² *Commons Committee of 1848*, QQ. 5218-9. Between January 14th, 1847, and April 8th, the Reserve fell from £7·27 millions to £3·46 millions, and the rate rose from 3½ to 5 per cent.

legislation was passed. These pages have shown how critical he had been of the policy of the Bank in the decade before, and his programme of reform had begun many years earlier. It falls into three parts : publicity, a large reserve and an alteration in the government of the Bank.

He had already in 1826 protested against the " secrecy and mystery in which all the proceedings of the Bank of England are enveloped,"¹ and had demanded some publicity of accounts, an opinion to which he adhered before the Bank Charter Committee of 1832; he " could hardly conceive any other check that can be proposed against occasional mismanagement ";² the " knowledge of the Bank Directors of their being liable to have the amount of their treasure canvassed by the Public, is the best security and the only security that I am aware of against its being reduced below what it ought to be." Mismanagement in the past " would not have taken place if the Bank Directors had been sure that the state of their Accounts would be constantly or at very short periods before the Public."³ In his old age, and as part of his propaganda against the Act of 1844, he modified his position so far as to object to the weekly returns provided for under the Act : " I do not see any adequate advantage derived from them; at the same time there would be a great outcry against making the publication less frequent : I should observe, as my own opinion, from both experience and observation, that the publication has not the beneficial influence that was ascribed to it; I do not conceive that any merchant or manufacturer can be guided at all in his operations by that publication; I do not know whether it is any guide in their operations to persons in the stock or money market, but I have no idea that it is

¹ *Considerations on the State of the Currency*, pp. 123 *et seq.*

² *Bank Charter Committee*, QQ. 3871-3.

³ Q. 3905.

of the slightest benefit to merchants." ¹ The publication of the Reserve figures intensified the panic of 1847,² and quarterly accounts would "perfectly" answer all purposes.³

Tooke's preoccupation with the question of the Reserve began with the publication of the second volume of the *History*. Arguing that the Bank was the ultimate source of supply "for all the other banks in the Kingdom," he thought £10,000,000 the right size of Reserve.⁴ In the third volume he began to outline the policy which he was gradually to elaborate in subsequent years. Arguing that the Bank had hitherto forcibly reduced its reserve whenever it had amounted to ten millions, and shown no signs of alarm till it had fallen below five millions, "when, as in the recent instance, the tide had already set so strongly outwards that their utmost subsequent efforts could hardly prevent a complete exhaustion of their treasure," ⁵ he urged that the Bank should allow their reserve, "when the tide of the metals sets fully in again," to rise to fifteen millions, by not reducing the Bank rate. The Bank should then be perfectly passive, if the exchanges turned, and should not hesitate to replace gold by securities, until the Reserve fell to ten millions, because "in the majority of cases of the variations in the value of our currency relative to the currencies of other countries, whether originating on this side or the other, the balance of payments would in all probability be satisfied by the export of that amount of bullion. If the drain, however, on the coffers of the Bank should, after a reduction of ten millions, continue so as to give reason to apprehend the existence of more extensive and deeper-seated causes of

¹ *Commons Committee of 1848*, Q. 5410.

² QQ. 5411-12.

³ Q. 5416; cf. also the jibe in *History*, Vol. IV. p. 369, n.

⁴ *History*, Vol. II. pp. 330-1; cf. *supra*, p. [74].

⁵ *History*, Vol. III. p. 187.

demand for the metals, measures might be taken for its counteraction, without producing alarm and disturbance of the money market on the one hand, or endangering an extreme and unsafe degree of reduction of the Bank treasure on the other." ¹

The view thus set up was to lead later on to the doctrine of the Self-liquidating Character of exports of bullion, or "Drains," which the Banking School set up in opposition to what Tooke calls the "doctrine of the interminable nature of drains," that is, the doctrine that "the drain, unless the Bank *contracted its circulation*, would proceed, uninterruptedly, to the utter exhaustion of its treasure." ² The problem is, in fact, identical with the one underlying the controversies of the Napoleonic Wars. Is the Balance of Payments an independent variable or is it a function of Currency Policy? Will an adverse balance of payments "liquidate itself" because bullion provides the balancing element, or will bullion be sent because it is the cheapest commodity under the circumstances, and its export restores the equilibrium of international prices?

The problem was discussed, at enormous length, by the Select Committee on Banks of Issue in 1840. An attentive study of Tooke's evidence on that occasion will show that there are three strands in his thought.

• The first was purely theoretical, namely, that occasions may arise when the export of bullion is, if not really fortuitous, then at least unconnected with the state of the currency; "there may be a very considerable occasional demand for the export of the precious metals, without any ground of inference that the originating cause of it has been any excess of the circulation of the country; with a sufficient reserve of bullion on the part of the Bank, the probability is that the gold would in such a case return, and that there may have been no intermediate disturbance

¹ *History*, Vol. III. p. 188. ² *History*, Vol. IV. p. 389.

of that amount of the circulation which was previously not in excess as compared with the ordinary transactions of the country.”¹

The second strand was that a large reserve at the commencement of a drain, *however caused*, in and of itself, obviated the necessity for violent measures. He was asked whether it was his opinion “that the course of action to be pursued by the Bank, whenever a drain of bullion arises, would depend upon its being able to determine with accuracy what the causes are from which that drain proceeds?”, to which he answered that he presumed “that the Directors must have some general knowledge of the nature and causes of the drain; at the same time, my answer would not wholly depend upon that. I beg not to be understood as saying that the Bank ought to be perfectly passive under a drain. All that I mean to say is, that with a large amount of treasure at the outset of it, there would be very little occasion for a violent effort on the part of the Bank, in order to abate or stop the drain by operating upon its securities.”² A large reserve obviates the necessity for constant variations in the discount rate whenever a small export of gold takes place,³ and it is better to sacrifice stability of the exchange to stability in the discount rate than the reverse.⁴

And, in the third place, even moderate changes in the rate of interest influence the Balance of Payments, “inasmuch as those variations, although only within a moderate degree, are attended with a greater or less inducement to negotiation of foreign securities in this country, or to the influx of foreign capital into this country for investment,

¹ Q. 3744; cf. answer to Q. 3759. ² Q. 3760. ³ Q. 3763.

⁴ Q. 3787. If action were at once taken, “the exchanges would, doubtless, in that case, not undergo the same extent of variation; but the circulating medium and the general scale of transactions in the country would be interfered with or disturbed in a much greater degree, by the Bank operating upon its securities upon every turn of the exchanges.”

every fluctuation in the rate of interest that can be said to have any perceptible influence at all operates directly in that way." ¹ Tooke, in fact, was pursuing the typically British policy of setting up a general principle and then deducing practical consequences which would be valid whatever the nature of the premises from which they were nominally deduced. The case for his policy was really independent of the Theory of Self-liquidating Drains from which he nominally began; for, whether or not drains were self-liquidating, the chance that a large reserve would be exhausted is less than that a small one would be exhausted, not because drains liquidate themselves, but because, other things equal, the interval of time during which corrective action can be applied by the Central Bank is greater. But Tooke was not really relying upon the supposed general principle at all, because a fall in the "treasure" involves some effect upon the market rate of interest and therefore almost inevitably sets into motion that corrective influence of the rate of interest on the Balance of Payments which was the third element in his argument.

In 1848, in his examination before the Secret Committee on Commercial Distress, Tooke reverted to this subject. "The only cause of dissatisfaction I have that is of any importance with the conduct of the Bank," he told the Committee, "is that of having regulated its business upon too small a reserve. During the average of the ten years from 1833 to 1842 the amount of bullion in the Bank was only about £6,800,000; during the three years 1839, 1840 and 1841 it was only £4,500,000. Now, that I conceive to have been exceedingly dangerous, and that should have been, in my opinion, the main point to which the attention of the directors, at the renewal of the charter and the arrangements with the Bank, ought to

¹ Q. 3758; cf. Q. 3769.

have been directed. I think that if, instead of this most unfortunate Act of 1844, there had been an arrangement made with the Bank, that the directors should consider themselves bound to maintain an average amount of treasure, double at least of that which they had maintained in the ten years since the previous renewal of the charter . . . we should have avoided a good deal of the inconvenience connected with the management of the Bank. We should not have had either the difficulties of 1836 and 1837 or of 1839, if in each case the drain had begun with an amount of treasure such as in 1846, and there need not in that case have been the slightest attention paid to the circumstances of the drains for foreign payments which occurred at those periods.”¹ But in 1848 Tooke was prepared to modify his figures. In 1840 he had advocated a maximum of £15,000,000 and a minimum of £5,000,000; he was now “disposed to think that it should be from £18 millions to £6 millions, making the medium £12 millions; and I have no idea that after parting with £12 millions there are any circumstances in which the country could be placed that would endanger a further continuance of the drain.”² Now, Tooke also expressed the view that the Bank rate of discount should not be allowed to fall below 4 per cent.,³ and his view was that when the Reserve fell from £18,000,000 to £12,000,000 the rate of discount should start going up, the range of fluctuation suggested being from 4 to 6 per cent., whilst if the Reserve fell to £6,000,000, “corrective measures” would have to be applied, “and the extent of those measures and the degree of restriction of accommodation must be left to the judgment of the directors, it being quite impossible to point out beforehand any limit and to

¹ Commons Committee, Q. 5353; cf. the closing sentences of *History*, Vol. IV. p. 402.

² Q. 5364.

³ QQ. 5348-52.

say it shall not go below a certain amount under any circumstances." ¹

What is presented here is the first sketch, so far as I am aware, of the theory that the rate ought to rise upon some definite plan as the Reserve falls. Modern legislation substitutes the reserve percentage for the absolute size of the Reserve, but Tooke is entitled to the status of a pioneer in this connection. What remains in doubt is the degree to which Tooke relied upon the self-correcting action of gold exports, or upon the efficacy of a minimum rate at all time of 4 per cent. In 1848 he undoubtedly stressed the former consideration, but when in 1857 he reviewed the "evils arising from the Bank resorting to very low rates of discount," he is found arguing that "if the case supposed be the actual one in July 1852, of 22 millions of Treasure in the Bank, and its rate of discount Two Per Cent.; then doubtless, on the further suggestion that this low rate were indefinitely continued, the consequence might be that of a total exhaustion of the stock of bullion, however large that stock had been at the commencement of the drain."

"The case would be very different if the rate at the commencement of the drain had been Four Per Cent., because, judging both by reasoning *a priori* and by the event, there is the strongest ground for believing that, with an *undivided* treasure in the Bank, the rate of 4 per cent. might have been maintained during a great part of the period without alteration and with perfect safety to the Bank, until the necessities for foreign payment acquired a magnitude which imperatively called for measures of contraction." ²

Here, it is clear, great virtue is attached to the maintenance of a fairly high level of interest rates, but it is not easy to see why, if a 2 per cent. rate might lead to an

¹ Q. 5369.

² *History*, Vol. V. p. 591.

exhaustion of the treasure, a 4 per cent. rate should necessarily prove safe, nor why, if the theory of a self-correcting drain is inapplicable when the rate is low, it should become applicable when the rate is higher.

The constitution of the Bank of England directorate, the last of the issues involved in Tooke's plans of reform, had been discussed at some length before the Bank Charter Committee of 1832, Horsley Palmer, G. W. Norman and George Grote being the principal witnesses whose views were elicited on this matter. What emerges quite clearly was the irresponsibility of the Directorate, in view of the fact that no accounts were published, that the Directorate was virtually a self-perpetuating corporation,¹ and that neither the Government nor the proprietors really exercised any control.² It is also clear from Horsley Palmer's evidence that the policy of the Bank rested with the Directors as a whole, and that it was subject to change if the majority of the Court altered its views.³ Grote⁴ and Norman⁵ both desired publicity of accounts as a check upon the Directorate, and Grote⁶ thought that the substitution of a body of Commissioners for the Directorate would not involve any loss of commercial knowledge in the government of the Bank, but would imply a management more ready to take the risk of suspension in a crisis.

G. W. Norman's views were elicited at some length before the Committee of 1840. By this time the position of the Governor was coming into the forefront. Before 1848 the governorship was a rotatory office, and Directors who refused to accept the office in their turn were usually required to resign;⁷ moreover, except when a revision of the Charter was in contemplation, an extension of the

¹ *Bank Charter Committee*, 1832, Q. 4754, QQ. 243 *et seq.*

² QQ. 231 *et seq.*; QQ. 712-8.

³ Q. 205.

⁴ QQ. 4749-50.

⁵ Q. 2693.

⁶ Q. 4750.

⁷ *Committee on Commercial Distress*, 1848, Q. 2695.

term of office of the Governor was not considered desirable. Norman was obviously in a difficulty when asked whether there should be a permanent Governor: he was against the appointment being in the hands of Government, on the other hand, when asked whether it would not be advantageous to introduce a "permanent officer appointed by the Bank itself," he agreed that "a person whose attention is exclusively directed to the duties of an office, and whose attention is so directed for a number of years, must at length possess advantages which cannot belong to a person who only fills the same office for a time." The whole problem had, however, become much more acute in 1848, for by that time the suspicion that the crisis of 1847 was due to the fact that, even within the framework of the 1844 Act, the Directors were mismanaging the affairs of the Bank, was being voiced by the Currency School. The result was that the volume of evidence collected swelled very considerably. A. Hodgson, C. Turner, S. Gurney, Horsley Palmer, R. C. L. Bevan, Joshua Bates, James Morris and H. J. Prescott, then respectively Governor and Deputy-Governor, W. Cotton, an ex-Governor, S. J. Loyd and Tooke himself were all questioned by the Commons Committee; the Lords Committee examined George Glyn, another eminent private banker, also.

Opinion was very divided on two points: the composition of the Directorate and the appointment of a permanent Governor. A. Hodgson, of the Bank of Liverpool, thought that the Board of the Bank "should be of a permanent character, and that some at least of the members should give their whole time to the concerns of the Bank, and especially to that part of it which relates to the management of our circulation."¹ C. Turner, an East India merchant, thought that "it would be desirable that

¹ Q. 372.

there should be some Government officer, either a paid Governor or a Deputy-Governor, who should have some controlling power as to the rate of discount upon commercial bills; that it should not be left entirely to gentlemen engrossed in commercial pursuits, who may have a strong interest in keeping down the rate of discount, when, as regards the public, it may be desirable that it should be raised." ¹ S. Gurney, the great bill-broker, was satisfied with the Court as it was; at the time same, he thought that "it would not be an unreasonable infusion into the directorship of some experience, independent of commercial feeling and interest," but did not want a permanent Governor, which "might be very good if you got a very capital man, but that is uncertain. As it now is, I believe it is far more controlled than meets the public eye, because if we have a Governor that is not quite first rate, he is in fact controlled by the Deputy, and there are other directors of long experience always at hand . . . but if we had a permanent Governor and did not happen to get the very best man, I should have a very great fear of the consequences." ² R. C. L. Bevan, the banker, thought that the Directorate should be altered, "I think that it is an evil that they should be chosen solely from one class of persons, viz. the largest and most extensive merchants of London; a class who, of all others, are most liable to get into misfortune." ³ He was not in favour of a permanent Governor, but thought that "an infusion might be desirable of some permanent and independent parties, who were not in business, and who had no interest in making money cheap or in making it dear." ⁴ Joshua Bates of Barings was satisfied with things as they were; Morris and Prescott were against a permanent Governor on the ground that "jealousies might arise," ⁵ and they

¹ Q. 676.

² QQ. 1625-7.

³ Q. 2290.

⁴ Q. 2292.

⁵ Q. 2701.

had never considered the possibility of non-commercial Directors. Cotton also disapproved of a permanent Governor, "either the whole management of the Bank would be left to the Governor, or, if he had not the unbounded confidence of the Directors, he would be placed in a very awkward situation, being Governor of the Bank with rather a difficult court to manage." ¹ He was also opposed to the idea of introducing "one or two Directors holding permanent appointments and selected by the Government," as "it would very much deteriorate from the high position of the Bank of England to have a person attending the Court to report the proceedings." ² S. J. Loyd was not "prepared to recommend any alteration in the constitution of the Bank."

Morris and Prescott explained to the Committee a change "very recently made" by which "Directors will no longer be recommended for the chairs according to their seniority; the consequence will be that in the selection of candidates to fill up vacancies in the direction, we shall be enabled to recommend gentlemen of more mature age than at present; hitherto, as a period of about twenty years has generally elapsed before a Director reached the chairs, we have been obliged to recommend candidates for the direction younger than was perhaps desirable, or than will be necessary under the proposed alteration. . . . The object is to enable us to select those who may be most fit for the situations" of Governor and Deputy.³

Tooke, when examined by the Committee, expressed himself as hostile to the idea of a permanent Governor; quite apart from the question of patronage, "one of two things would happen, either the directors would take no active part in the management, but would leave the whole management to the Governor; or the directors, as I have

¹ Q. 4026.

² Q. 4027.

³ QQ. 2697-8.

heard it said they do in the case of the bank of France, would take the whole of the management, and the Governor would have little more than a sinecure . . . besides, a governor so appointed would suppose the means on the part of those who appointed him to judge of his qualifications. I have no conception that there is any body competent to judge sufficiently of the qualifications of a party for such an office, especially as afterwards, unless in the case of clear incompetence, you could not change him; at present you have that advantage; if now and then you have a governor not fully equal to the position, his inefficiency and incompetence is remedied in some degree by the Deputy-Governor, who may be perfectly competent, and at all events you have the prospect of soon changing him." ¹

On the other hand, Tooke attacked the system, based upon the Charter and not the result of any bye-law of the corporation, by which one third, or eight, of the Directors retired each year, so that virtually the Bank Court consisted of a rotatory body not of twenty-four Directors, but of thirty-two—"that produces very great irregularity in the judgment of the Bank and in their general views. In April of each year you have eight persons come in who have been out of the direction for a whole year; that forms so large a proportion to the competent and experienced persons, of persons not having a clue to the operations of the year preceding, as, in my opinion, to be extremely inconvenient." ²

There is no reason, therefore, for thinking that in 1848 Tooke was in advance of the reform opinion of the time, which, indeed, was prepared to go a good deal further than he was in some important respects. But the evidence given by the Directors before the Committee of 1848 showed "that those distinguished persons had conceived an attachment so strong to what they called the

¹ Q. 5424.

² Q. 5425.

principle of the Act, that to some considerable extent they were unable to foresee and appreciate with the clearness and accuracy of other people the evil and dangerous consequences of the measure.”¹ The *doctrinaire* attitude of the Directorate was “a failure so great and serious, that it ought to lead to a thorough examination of the plan of management under which defects so vital are permitted to occur.”¹ In the end, Tooke had “come reluctantly to the conclusion that the constitution and composition of the Executive of that institution is *essentially* faulty.”² The Directors did not agree with Tooke, and that was enough!

In the *History* Tooke again rejected the principle of a permanent Governor and of the introduction among the Directors of a number of Government representatives, “not elected by the Proprietors but appointed under Act of Parliament,”³ but concentrated upon two points: the period of the office of Deputy-Governor and the Governor, and the system of rotation by which one-third of the Directors retired each year. The executive officers held office for too short a time, the principle of rotation was enforced in much too extreme a way and, lastly, the Board was much too large for effective discussion on matters of great importance involving definite decisions. “I consider,” he wrote, “that a Board consisting of twenty-four Directors and two Governors is too numerous for deliberation and discussion on questions of importance, involving points of difficult solution and affecting the interests and convenience of the Public; and at the same time, requiring prompt decision . . . a Board consisting of twenty-six members is totally unfit for the discussion of questions—such as alterations in the rate of interest—which are brought before the Weekly Courts on the Thursday.”⁴

¹ *History*, Vol. V. pp. 605–6.

² *Op. cit.*, p. 607. (*Italics* not in original.)

³ *Op. cit.*, p. 612.

⁴ *Op. cit.*, p. 621.

He therefore proposed that, instead of two Executive Officers, there should be three: a Sub-Governor being added to the Governor and Deputy-Governor. They, as well as the Directors, were to hold office for three years, instead of from year to year; and the twenty-four Directors were to rotate by *four* Directors retiring *triennially*, instead of *eight* going out *annually*. By these means greater continuity in the Direction might be assured especially if the Governors (who were to be re-eligible) were actually continued in office, as Tooke hoped might occasionally be the case.¹

These changes would not, however, in Tooke's view, have been sufficient, for they did not in themselves guarantee any alteration in the system by which "it is commonly supposed that measures of importance and debated in a full Court of all the Directors, and are decided by a simple and bare majority."² In order to ensure more gravity in the proceedings of the Court, Tooke suggested that recommendations for an alteration of the Rate of Discount should originate with the Governors and the Committee of Treasury (the body of ex-Governors), and that the Court or the Committee of Treasury should not have power to overrule the recommendations of the Governors by a bare majority, "nor without the formality of having the names of the Directors taking part in the vote recorded in the Court Minutes."³

¹ *Op. cit.*, pp. 624-5.

² *Op. cit.*, p. 627.

³ *Op. cit.*, p. 628. The relations between the Court, the Governors and the Committee of Treasury were investigated at some length by the Committee on Commercial Distress in 1848. Both the Court and the Committee sat (on different days) once a week, the Governor and Deputy summoning the Committee specially if necessary; but the Court had final authority and the "Governor and Deputy-Governor seldom, if ever, take upon themselves the power of acting without the concurrence of the Committee of the Treasury, though there have been occasions where they have so acted in advancing the rate of interest; during the last period of distress, they have advanced the rate upon one or two occasions without the immediate concurrence of the Treasury or of the Court at the moment, but it was only for a few days." QQ. 1981-99.

The case for three Governors was that the matters they had to deal with were so important that it was desirable to have a third person to act "as a moderator between two perhaps antagonistic opinions, and as, probably, suggesting additional facts and views which had not occurred to the other two." In cases of difference between the Governor and his two subordinates, however, the dissentients were to state their views in writing, and any proposal, emanating from the Committee of Treasury, including the Governors, laid before the Court, could not be rejected without a two-thirds majority.¹

In the end, however, Tooke was driven to admitting that it would be very difficult to get suitable individuals "serving three years in each of three Chairs," and fell back upon a solution which it is difficult to distinguish from the principle of a permanent Governorship: the solution, namely, "that the fittest persons for the three situations should be sought without the walls of the Bank, if they were not to be found within, and be induced, by high salaries, to give up any other business they might be engaged in, and to devote all their time and attention to the affairs of the Bank. In this way there can hardly be a doubt that the services of persons of the highest order of ability, suited to the situations to be filled, might be secured."²

It is fairly clear from Tooke's language, though he is very guarded in his expressions, that he must have discussed some of these problems with persons in close touch with the Bank. In a very short time from publication, Tooke's proposals were the subject of public discussion, and on one point at least the Court had actually been converted to his views, at so early a date in 1857 that it is inconceivable that it was as the direct result of publication. In 1857 a Select (Secret) Committee was appointed by the House of Commons to inquire into the Bank Act of 1844.

¹ *Op. cit.*, p. 631.

² *Op. cit.*, p. 632.

and the Scottish and Irish Acts of 1845.¹ In September 1856 the Governor of the Bank had, obviously in preparation for the Committee, obtained the confidential opinion of the Directors of the Bank on the Act of 1844: two of them, W. Cotton and Thomas Masterman, raised the question of the excessive number of Directors retiring every year.² On Thursday, February 19th, 1857, the Court passed a formal resolution to the effect that the "Provision in the Act of 8 & 9 Will. 3, c. 20, s. 52, viz.

'That on all future Elections of Directors there shall not be chosen above two-thirds ($\frac{2}{3}$) of those who were Directors the preceding year,' having been found very inconvenient, The Governor be requested to endeavour to obtain an alteration of the law, so as to allow five-sixths instead of two-thirds to be re-elected."³ During the actual hearings before the Committee, Newmarch, of course, defended Tooke's views in detail,⁴ and the desirability of appointing a third Governor was raised also by J. G. Hubbard, who had been Governor from 1853 to 1855, on the ground that "the labour and anxiety of the offices of Governor and Deputy-Governor is very great."⁵

The problem of the Governorship was still to preoccupy Bagehot, and then, like so many other problems of British banking, was to become lost from view till the Great War. At the present time the Governorship of the Bank has been held for almost a decade by a single individual, and it is doubtful whether, in the altered state of affairs now obtaining, any reversion to the older condition of things would be possible.

The question of the mode of rotation of members of the

¹ The motion was made on February 6th, 1857. Andréadès (cf. *History of the Bank of England*, p. 351) is therefore in error in suggesting that the inquiry of 1857 was the sequel to the crisis of 1857: the Select Committee had been sitting before the crisis of November 1857, but its terms of reference had been widened.

² *Select (Secret) Committee of 1857*. Part II, Appendix I, *passim*.

³ *Select Committee of 1857*, Part II, Appendix X. 40, p. 327.

⁴ *Vide especially QQ. 1395-8.*

⁵ Q. 2516.

Court also dragged on for many years. At last, by 35 & 36 Vict. c. 34—the Bank of England (Election of Directors) Act, 1872—sec. 52 of 8 & 9 Will. 3, c. 20 was amended “as if seven-eighths had been therein mentioned instead of two-thirds.” This Act was in turn repealed by the Bank Act of 1892 (55 & 56 Vict. c. 48), which provided for the grant of a Supplementary Charter, duly granted on 19th August 1896.¹ By para. 1 of that Charter, “if a bye-law made by a General Court of the Bank of England so provides, such proportion as is fixed by that bye-law of the retiring Directors of the Bank of England shall not be eligible for re-election at the then next annual election of Directors.” After half a century of agitation, the Bank was at last given power to regulate itself on this point.

THE BROADENING OF THE INQUIRY

If the third and fourth volumes of the *History* are largely concerned with the topic that lay closest to Tooke's heart, the fifth and sixth represent an immense extension of the field of investigation. Newmarch's collaboration—and that is really too weak a word, for he was responsible for the whole of these two enormous volumes, with the exception of two sections and certain minor Appendices²—in fact, took the form of producing a series of detailed monographs, associated with the main purpose of the whole work, it is true, but written upon a scale which makes a continuous study of their content a somewhat fatiguing process.

Between 1840 and 1860 the rhythm of economic life all over the world was subjected to a series of influences of a revolutionary kind—improved systems of transport, a new and vast influx of the precious metals, a change in tariff policy and, to a smaller extent, an alteration of

¹ *Stat. Rules and Orders revised to December 31st, 1903; s.v. Bank of England.*

² *Vide* Preface to *History*, Vol. V. pp. vii-x, for details.

banking method. To attempt to assess the effect of these changes upon the price level in this and other countries was an obvious duty, and a vast, and now largely forgotten, literature was the result. Cairnes and Cliffe Leslie, Léon Faucher, Levasseur and Michel Chevalier, Soetbeer and Laspeyres, Tooke and Newmarch themselves, represent only a few of the names associated with the intellectual ferment roused by the gold discoveries,¹ and their presumable influence upon the price level and the currency systems of the world. If Soetbeer's statistical work has thrown that of Newmarch into the shade; if Cairnes'² analytical approach has more of brilliance and Cliffe Leslie's³ more of suggestiveness than is to be found in the *History of Prices*, it still remains true that the treatment, both of the theoretical and of the descriptive aspects of the problem, reach a very high level of accomplishment.

From the standpoint of this country, the gold discoveries possessed a peculiar significance. Contemporary critics of British currency and banking policy soon realised that here was "Nature's answer" to the Bank Act of 1844. The scepticism⁴ with which the news of the Californian gold discoveries was first treated was replaced by exultation⁵ over the defeat of the Restrictionists and

¹ It must not be forgotten that even before the Californian and Australian discoveries the increasing supplies of Russian gold were attracting attention from economists all over Europe.

² J. E. Cairnes, *Essays in Political Economy*, 1873. The essays dealing with the "Gold Question" had originally appeared in *Frazer's Magazine* and elsewhere.

³ Cliffe Leslie, *Essays in Political and Moral Philosophy*, XX-XXIV.

⁴ In September, 1850, the *Quarterly Review* "humbly proposed to indicate the outlines of what may be called the 'General Gold Restriction Bill of Nature.'"

⁵ *Vide Blackwood's Magazine*, January 1851. "The Currency Extension Act of Nature." "When it is said that the effect of Californian gold will be to reverse all this—to reduce gradually and probably before twenty years have elapsed half the weight of debt and taxes now felt so grievous a burden by the community—it is affirmed that it will confer, perhaps, the greatest blessing which a beneficent Providence could confer on a suffering

by pious acquiescence in the revelations of Divine Providence in so arranging the arenas of gold discovery as to hasten the process of peopling the vacant spaces of the world.¹

Newmarch did not quite escape the contagion. An almost theological ardour inspires the rather uneasy eloquence with which he sums up the effects of the first nine years of the gold discoveries as having been to call into play "influences of which it seems to be the special mission to contribute by the aid of these great Discoveries, and by the aid of concurrent advances of Knowledge, to the removal or mitigation of many chronic evils against which successive generations have striven almost in vain."

"And on solid grounds of fact and reasoning we are justified in concluding :—That during the last Nine Years there has been impressed upon every part of the social machine depending on Economic Conditions an impulse already manifest in a quickened rate of progress—and still more manifest in accelerating (but with equal and steady steps) the success of every sound scheme for the advancement of Skill and Labour in all countries—but pre-eminently for the advancement of Skill and Labour within that country which is our own" !²

world. In England it will gradually and to a certain extent . . . undo all that the Bullionists and Free Traders have been doing for the past thirty years. It will remove a large part of the frightful evils consequent on the monetary measures of Sir Robert Peel, and . . . would go far to repair the devastation produced by the selfish legislation of the last thirty years."

¹ *Vide Quarterly Review*, Vol. XCI. p. 540. "Whenever we see movements of great masses of men, as lately towards California and now towards Australia, we think we can recognise Divine design more plainly than in other facts of history. The singular manner in which gold is spread over certain tracts of the earth, the ease with which it can be collected by individual effort, and the universal opinion entertained of its value, seem to point it out in an especial manner as one of the agencies by which intercourse between nations is to be promoted, and the social condition of man raised."

² *History*, Vol. VI. p. 236.

This is rhetoric with a patriotic bias, and not economic reasoning. But the detailed study of the manner in which the new supplies of gold were diffused merits close attention. The new gold increased the money incomes of the labourers on the goldfields, and in the first instance raised the prices of those things which were consumed by them. The degree to which the prices of these things were raised varied very considerably, and depended upon the elasticity of supply. Within a relatively short time there was an over-supply of certain types of imports into Australia, causing an absolute stagnation in the markets, whilst the prices of commodities which could not be increased by importation, and could not be increased rapidly even within the Colonies, remained high.¹

The further distribution of the new gold is treated, consciously, upon lines laid down by Senior and John Mill: that is, "the New Gold has been distributed throughout the commercial world, in the first instance, in proportion to the skill and resources of each country in the production of Exportable Goods in demand in the Gold Regions; and in the next instance, in proportion to the skill and resources of each country in the production of Exportable Goods, not only in demand in the Gold Regions, but in demand in any other region to which any part of the New Supplies of Gold may have been carried."² The higher efficiency of Labour and Capital in this country in the production of exportable goods explains why the greater part of the new gold was in the first instance sent here, and *would have* involved proportionately higher prices, were it not for the fact that "England has by far the *largest* demand for Foreign Productions for her own use and Consumption; and is

¹ The direct effect of the gold discoveries in the Australian and Californian areas are discussed at length in Appendix XXX, *History*, Vol. VI. pp. 802 *et seq.* The information is drawn largely from trade circulars.

² *History*, Vol. VI. p. 210.

employed in by far the largest extent in collecting and distributing Foreign Productions." ¹ The result was that the gold was re-distributed, not, however, without the incidental effect that in a period of deficient harvests and large war expenditure, both involving bullion exports, this country escaped without "encountering any consequences more disastrous than a rise in the Rates of Interest and Discount . . . the timely arrivals, month by month, of consignments of five or six or seven Millions of Gold, have operated at once as the solvents of actual or prospective financial difficulties and straits which could not have been cured so effectually, or so speedily, by any other means. It is to this cause, and not, as has been asserted on purely gratuitous grounds, to the operation of the Act of 1844, that we are indebted for an exemption from commercial and financial difficulties." ² These were soon enough to come, however, for in November 1857 the Bank Act was to be suspended a second time.

Tooke had always been a Free Trader and had, besides, always urged that the fluctuations in the price of wheat proved that, in addition to the influence of currency changes, other factors must be taken into account in considering the course of prices, a position which is, of course, perfectly compatible with a belief even in a very rigid form of Quantity Theory. The Corn Laws had, therefore, been an object of detailed attention throughout the series, and Part IV of the fifth volume, dealing with the progress of the Tariff Question from 1820 to 1856, as well as the long and elaborate inquiries into wheat prices, the digest of legislation relating to cereal imports, the statistics relating to imports and consumption, and

¹ *Op. cit.*, p. 212.

² *Op. cit.*, p. 203. That the Bank Act of 1844 has nothing to do with the larger Reserves held by the Bank had already been argued in *History*, Vol. V. Part V, Section 21, pp. 593-8. For the application of the theorem of the Banking School that new supplies of currency are a consequence and not a cause of high prices to the circumstances of Australia, *vide* Vol. VI. pp. 807-8.

the record of the seasons from 1792 to 1856,¹ are simply extensions of part of the original field of investigation. But it must not be overlooked that the Corn Laws were linked with the Currency Question in an especially significant manner : because they accentuated the danger of a " drain of bullion " from the Bank in a period of bad harvests. From the modern standpoint, the Corn Laws have a different interest. They embodied the principle of a sliding scale of taxation intended to assist in stabilising wheat prices; they are, in fact, early attempts to " valorise " an important article of consumption. The arguments by which they were defended and attacked bear a close family resemblance to those employed in the recent agitation over rubber control in the East, and a close study of the sliding scale, as applied to wheat, would have led anyone familiar with both situations to predict the breakdown, which has now actually occurred, of the rubber valorisation scheme.

The ascending curve of prices and of industrial expansion which marked the period after the gold discoveries was characteristic, not only of this country, but also of Europe. Of this Newmarch was aware, and in his treatment of the credit position in France he included an examination and a criticism of the celebrated *Crédit Mobilier* founded by the brothers Émile and Isaac Pereire in 1852. The real significance of the principle which the *Crédit Mobilier* represented escaped Newmarch. The institution was founded with the object, not only of doing a short-term banking business, but by means of an issue of Debentures, to finance long-period business as well. The Bank was, in fact, to act as promotion and issue house, investment trust and underwriting corporation, short-term deposit institution—in a word, it was to be the "*banque à tout faire*," the type of the German joint stock bank of to-day. The idea was not

¹ This was one of the few Appendices furnished by Tooke.

new—it had already been adopted in Belgium by the Société Générale¹ but it was the original success of the French model which led to a widespread creation of "Crédit Mobilier" Banks in Austria, Holland, Germany and elsewhere. A large literature, contemporary and modern, has grown up on the Crédit Mobilier, its initial triumphs, its failure and its imitators. The important point is that the foundation of such banks gave a strong impetus to investment in industry at a time when the new flood of gold was already raising the price level. Basing himself upon some extremely injudicious remarks of Pereire, Newmarch denounced the proposal to issue Debentures as an indirect attempt at inflation,² and emphasised, rightly, the dangers involved in the close association with Stock Exchange transactions to which, presumably, its large dividends were mainly due.³ His practical instinct was right, for the Crédit Mobilier was destined to fail, but not before it had given a resounding advertisement to a new and important principle of credit organisation.

CONCLUSION

There is a fashion in the writing of Economic History, and the fashion has changed since the days of Tooke and Newmarch. For a generation, at least, the student of English economic history has been taught to regard the Industrial Revolution as the great watershed, and the lives and sufferings of the Working Classes, the rise of the Machine Industry and the growth of the Great Town as the material out of which to shape his conception of

¹ Chlepnier, *La Banque en Belgique*, 1926, Tome 1^{er}, esp. pp. 411 *et seq.* The fact had already been noted by J. H. Clapham, *Economic Development of France and Germany*, 1815-1914, p. 127.

² *History*, Vol. VI. p. 114. The Debentures would, if issued (they never were, in fact), constitute a "medium of Paper Credit subject to no reliable limit as regards quantity and open to every abuse and objection which can be alleged against Inconvertible Notes."

³ *Op. cit.*, pp. 123 *et seq.*

the past. The historian has turned Social Philosopher, and in his hands Economic History has become an instrument of condemnation of that Past which it is his primary object to understand. There are worse fashions than one which inspires pity and condemns cruelty, whether as the result of enlightened or unenlightened self-interest, but the England of Toynbee and the Hammonds is not the England of Tooke and of Newmarch. Not that the lives and fortunes of the "Labouring Classes" find no place in their scheme of things,¹ but that their object was different from the fashionable one of to-day or, must one already say, of yesterday?

They were, in fact—one must end as one began—magnificent controversialists, and their masterpiece is like Macaulay's in this respect, that in both cases there was a thesis to uphold and an enemy to vanquish. Like Macaulay they were good haters; like him, also, they were indefatigable in their collection of material. But their place is not among the annalists of commerce, nor among the systematic writers of history, but among the Pamphleteers, the men with an intellectual axe to grind, who are the great glory of English economic literature—do they not include Defoe and Dudley North, Ricardo and Malthus, Jevons and Keynes? What greater compliment can be paid to a famous work than to say that to read it is to bridge the gulf of three-quarters of a century and to be translated into the living atmosphere of a bygone day?

T. E. G.

THE LONDON SCHOOL OF ECONOMICS AND
POLITICAL SCIENCE,
HOUGHTON ST., W.C. 2.
4.6.1928.

¹ *Vide* e.g. *History*, Vol. VII. Appendix VIII, for extracts from the Half-yearly Reports of the Factory Inspectors, for the purpose of showing, *inter alia*, the beneficial effects of Factory Legislation. See also *Index*, s.v. *Labouring Classes*.

TOOKE AND NEWMARCH
A HISTORY OF PRICES
AND OF
THE STATE OF THE CIRCULATION
FROM
1792 to 1856

Reproduced from the Original

VOLS. I and II

LONDON
P. S. KING AND SON, LTD.
ORCHARD HOUSE, WESTMINSTER

PRINTED IN GREAT BRITAIN BY PHOTOTYPE LTD., BARNET, HERTS.

Made and Printed in Great Britain

PREFACE

THIS edition has been reproduced by photographic offset lithography from volumes of the original issue in the Library of the Royal Statistical Society and the Gladstone Library of the National Liberal Club. These bodies welcome gladly the re-issue of the volumes so that they may be available at a reasonable price. The original work has become a standard and is much used by lecturers and their students. The series has been out of print for a great number of years, and owing to the continued demand, a second-hand copy, when it can be obtained, has risen to a prohibitive price, and many Libraries are without a complete set.

The work was published during the years 1838-1857 in six volumes at £5 18s. 6d. In this re-issue these six have been bound in four volumes.

WILLIAM TOOKE, F.R.S, 1774 to 1858, who originated the work, was responsible for the first four volumes. For an account of him and his work see "Dictionary of National Biography," Vol. LVII.

WILLIAM NEWMARCH, F.R.S., 1820 to 1882, joined him in the issue of the two elaborate volumes V and VI. He died 23rd March, 1882, and a biography of him appears in the "Statist" and in the "Economist" 25th March, 1882; also in the "Dictionary of National Biography," Vol. XL. He was President of the Royal Statistical Society in 1869-71.

A
HISTORY
OF
P R I C E S,
AND OF
THE STATE OF THE CIRCULATION,
FROM 1793 TO 1837;

PRECEDED BY
A BRIEF SKETCH OF THE STATE OF THE CORN TRADE
IN THE LAST TWO CENTURIES.

BY
THOMAS TOOKE, ESQ. F.R.S.

IN TWO VOLUMES.

VOL. I.

LONDON:
PRINTED FOR
LONGMAN, ORME, BROWN, GREEN, AND LONGMANS,
PATERNOSTER-ROW.

1838.

LONDON :
Printed by A. SPOTTISWOODE,
New-Street-Square.

PREFACE.

THE present Work may, in some points of view, be considered as an enlargement and continuation of one which was published fifteen years ago under the title of “ Thoughts and Details on the High and Low Prices of the last Thirty Years,” inasmuch as it embraces the same line of argument, and proposes to establish the same conclusions; but it is essentially different, both in its arrangement and in its details. The view now presented of the operation on prices of the more general causes; precedes instead of following, as in that work it did, the statements bearing upon the period more immediately under consideration : while the details are here placed in chronological order, and in historical connection, embracing a much wider collection of illustrative facts, more especially of those relating to the state of the circulation ; with a con-

tinuation of the narrative of events in their relation to prices, and to the state of the circulation, in the fifteen years which have elapsed since the publication of the above-named Work. In fact, with the exception of a very small part, the whole of that which is now submitted to the public, has been written afresh, and has therefore every claim to be considered as a new Work.

London, April 28. 1838.

CONTENTS

THE FIRST VOLUME.

	Page
INTRODUCTION - - - - -	1

PART I.

ON THE EFFECT OF THE SEASONS.

CHAPTER I.

General view of the subject - - - - -	7
---------------------------------------	---

CHAPTER II.

Effects of quantity on price - - - - -	10
--	----

CHAPTER III.

On the character of the seasons and the state of prices, and
the condition of the agricultural interests previous to

1793 - - - - -	21
SECT. 1. Period ending in 1692 - - - - -	21
SECT. 2. 1693 to 1714 - - - - -	30
SECT. 3. 1715 to 1765 - - - - -	34
SECT. 4. 1765 to 1775 - - - - -	62
SECT. 5. 1775 to 1793 - - - - -	75

PART II.

ON THE EFFECT OF WAR.

CHAPTER I.

	Page
General view of the subject - - -	86

CHAPTER II.

Effects of taxation on the fluctuation of general prices -	87
--	----

CHAPTER III.

Effect of the extra demand or consumption supposed to arise out of a state of war in general - - -	90
SECT. 1. Extra demand or consumption arising out of a state of war in general - - -	90
SECT. 2. Effect of the extra demand or consumption attributed specially to the last war - - -	100
SECT. 3. On the effects of the monopoly of trade enjoyed by this country during the last war - - -	105
SECT. 4. Effects of the stimulus or excitement supposed to have been occasioned by the Government expenditure during the last war -	109

CHAPTER IV.

Effect of war, as obstructing supply, and increasing the cost of production - - -	114
---	-----

PART III.

ON THE CURRENCY.

CHAPTER I.

General view of the subject - - -	118
-----------------------------------	-----

CHAPTER II.

Arguments of those who ascribe a greater effect to the bank restriction than that indicated by the difference between the market price and the mint price of gold -	128
SECT. 1. On the alleged effect of the Bank restriction in depreciating the value of the precious metals - - -	130
SECT. 2. Effect of the Bank restriction on the economised use of money - - -	144
SECT. 3. Effect ascribed to the Bank restriction of the substitution of credit for currency, and of the excessive issues of country paper -	146

CONTENTS.

vii

	Page
SECT. 4. On the alleged constant excess of issue by the Bank of England, and thence of the whole of the circulating medium -	153
SECT. 5. On the regulation of the Bank issues during the restriction -	163
SECT. 6. On the effect of the Bank restriction in raising the prices of commodities -	168
SECT. 7. On the alleged invariable connection of increase of price with the Bank restriction, and on the effect of the near approach of the termination of the restriction producing a fall of prices greatly exceeding the difference between paper and gold -	170

PART IV.

HISTORICAL SKETCH OF PRICES, AND OF THE STATE OF THE CIRCULATION, FROM 1792 TO 1837.

CHAPTER I.

Introduction - - - - -	174
------------------------	-----

CHAPTER II.

On the state of prices, and of the circulation, from the commencement of 1793 to the close of 1798 -	176
--	-----

SECT. 1. On the seasons in connection with the prices of provisions, from 1793 to the close of 1798 -	179
SECT. 2. On the prices of commodities from 1793 to 1798 -	188
SECT. 3. Bank circulation, 1793 to 1798 -	192
SECT. 4. Summary of the preceding survey -	210

CHAPTER III.

On the state of prices, and of the circulation, from 1799 to 1803 - - - - -	212
---	-----

SECT. 1. Rise of the prices of provisions and other articles of European produce from the spring of 1799 to the spring of 1801 -	213
SECT. 2. Rise of wages from 1799 to 1801 -	225
SECT. 3. Statement of the general causes of the rise of the prices of commodities and labour from 1799 to 1801 -	228
SECT. 4. Great fall of the prices of transatlantic produce from the spring of 1799 to the spring of 1801 -	233
SECT. 5. Fall of the prices of provisions from the spring of 1801 to the close of 1803 -	236
SECT. 6. On the state of the circulation from 1799 to 1803 -	239
SECT. 7. Summary of the preceding survey -	252

CHAPTER IV.

State of prices and of the circulation from the commencement of 1804 to the close of 1808 - -	255
SECT. 1. Deficiency of the harvest of 1804 - -	258
SECT. 2. Seasons of 1805 to 1808, both included -	265

	Page
SECT. 3. Instances of some of the most prominent of the variations of the prices of commodities besides those of corn - - -	272
SECT. 4. New fields of enterprise opened for exports - - -	276
SECT. 5. General excitement and speculations in shares in 1807 and 1808 - - -	277
SECT. 6. On the state of the circulation from 1804 to 1808 - - -	280
SECT. 7. Advances by the Bank to Government - - -	286
SECT. 8. General remarks on the state of prices, and of the circulation, at the close of 1808 - - -	287
SECT. 9. Summary of the preceding survey - - -	290

CHAPTER V.

State of prices, and of the circulation, from 1809 to 1813 - 292

SECT. 1. Prices of agricultural produce, from the commencement of 1809 to the summer of 1811 - - -	293
SECT. 2. Fall of prices of commodities, and commercial distress, from 1809 to 1811 - - -	300
SECT. 3. Revival of credit, and improved prospects of trade, in the summer of 1811 - - -	316
SECT. 4. Rise of the prices of agricultural produce, and high range of them, between the harvest of 1811 and the harvest of 1813 - - -	319
SECT. 5. On wages and salaries as connected with the prices of necessities - - -	328
SECT. 6. Advance of prices on the Continent of Europe in 1811 and 1812 - - -	331
SECT. 7. Prices of commodities from the summer of 1811 to the summer of 1813 - - -	339
SECT. 8. Fall of the prices of corn, and other European produce, in 1813 - - -	341
SECT. 9. Rise of prices of exportable commodities in 1813 - - -	344
SECT. 10. State of the circulation from 1809 to 1813, both years included - - -	348
SECT. 11. Summary of the preceding survey - - -	373

INTRODUCTION.

THE high range of prices which prevailed in the closing years of the past, and in the earlier part of the present century, contrasted with the comparatively low range, observable in the period which has elapsed from 1819 to the present time, forms a very striking feature in the history of the agriculture and commerce of this country. The contrast thus presented involves fluctuations in the value of property so great as naturally to have excited, both from a sense of interest and from a feeling of rational curiosity, an anxious desire to obtain a satisfactory solution of phenomena so remarkable. Accordingly, publications without number or end have appeared, professing to explain the extraordinary variations of prices which have marked that eventful period. The explanations hitherto offered, whatever may have been the nature of the proofs and illustrations brought forward in support of them, resolve themselves mostly, if not wholly, into the assignment of one or other of two general causes; namely, the WAR and the CURRENCY.

The effect of war in raising the prices of articles directly taxed, has been generally admitted. But as the amount of taxes levied for defraying the expenses of the war continued (with the exception of the property tax, which avowedly did not act upon prices) undiminished down to the summer of 1822; and as the fall of prices of articles divested of duty, that of provisions especially.

had then been as great, and to as low a point of depression as has, with trifling exceptions, been since witnessed ; and moreover, as the very great reduction of duties of customs and excise, which has taken place since 1822, has not been attended with any corresponding fall of the prices of provisions, or of other articles divested of duty, the previous elevation of prices cannot be ascribed to the war, merely on the ground of its attendant taxation.* It is, accordingly, to the war, not as having caused the taxes, but chiefly as having, by the enormous amount of the government expenditure defrayed by loans, caused a great and increasing demand for all the leading articles of consumption, that the remarkable elevation of prices has been ascribed by a theory which numbers among its supporters no mean authorities.

But the theory of war-demand, as having raised prices, and of the peace as having, by the consequent cessation of that demand, been necessarily followed by a fall of prices, is now rarely advanced. The preponderant, and almost exclusive theory, is that which refers all the phenomena of high prices from 1792 till 1819, and of the comparative low prices since 1819, to alterations in the system of our currency, holding all other circumstances that can have had any influence to be so subordinate as not to be worth mentioning.

These opinions, however ingeniously and plausibly advanced and maintained, admit, as I conceive, of being shown, by a careful examination of facts, to be wholly erroneous. The error, indeed, of the theory of war-demand, is no longer one which

* The impediments to importation, and the consequently increased cost of foreign supplies, are occasionally referred to as accounting for some increase of price. But this effect of the war is but slightly noticed, and laid little stress upon by any of the supporters of either of the theories of war-demand or of the currency.

can be attended with any practical evil. The association of war with high prices, and supposed consequent prosperity, is not likely to exercise any influence on the foreign policy of our government. But there is constant danger from the prevalent theory of the currency.

Repeated attempts have, even down to recent periods, been made to induce the legislature to revise, with a view to alter and debase, the present standard of value; and such is the pertinacity with which the opinions in favour of debasement, or of a return to inconvertible paper are urged, and the weight of influence by which they are supported, that there is ground for apprehension lest, under the pressure of any temporary inconvenience, the legislature might be led to listen to some one or other of the multifarious schemes for the degradation of the currency which are always afloat.

The claims for revision, and the plans for alteration, all proceed on the assumption that the greater part, if not the whole, of the rise, and of the high range of prices observable during the interval in which cash payments were suspended, was distinctly caused by the restriction, and that the resumption of cash payments has been the main, if not the exclusive, cause of the subsequent fall of prices.

The persons maintaining this doctrine hold, as a settled article of their creed, that Mr. Ricardo, and the other promoters of the Act of 1819 for the resumption of cash payments, commonly called Peel's bill, were manifestly in error when they contended that the utmost effect of that measure upon prices would not exceed 4 or 5 per cent., that being the difference which then existed between paper and gold; for, that in fact, the consequences of the passing of that bill have been felt in a general fall of prices to the extent of 30 and 40 per cent., and, according to some, even to the extent of 50 per cent.

Granting, for the sake of argument, that Mr. Ricardo and the other promoters of Peel's bill were wrong, and that the whole of the fall of the prices of commodities and labour, and of property generally, had been clearly the *consequence*, and not merely a *sequence* of that measure, it would not follow that there would be any claim on grounds of justice, and still less on grounds of policy, to unsettle a settlement made so many years ago. But if it should be made to appear by the most extensive induction of facts, that Peel's bill *did not*, as according to any correct mode of reasoning it *could not*, cause the fall of prices beyond the difference between paper and gold, there would cease to be even the shadow of a pretence for the clamour which has been raised, and so pertinaciously maintained, against that just, wise, and salutary measure.

It is of practical importance in this respect, as also with the object of forming a just estimate of many things otherwise inexplicable in the state of agriculture and trade, at the several periods of the interval under consideration, to take a more extended survey than has hitherto been attempted of facts bearing upon the question. To institute such a survey, and to endeavour by it to rescue from misconception and misrepresentation the most eventful and interesting periods in the history of the agriculture and commerce of this country, is the purpose of the present work.

It is perfectly possible, that a knowledge of the facts about to be stated may lead to conclusions different from those which I may think them calculated to establish. But it is quite certain that without a knowledge of those facts, not only as to their existence but as to the order of time in which they occurred, no correct estimates can be formed, no just conclusions drawn with reference to the questions under discussion; and it may not

be assuming too much to add, that without a knowledge of the circumstances, which will be detailed in their connection with prices, no just conception can be formed of the nature and causes of the great vicissitudes which have marked the state of agriculture, of manufactures, and commerce in the long interval which is to come under examination.

The general description of the principal causes to which the phenomena of the high prices observable between 1792 and 1819, and the comparatively low prices from 1819 to the present time, will be found referable, according to my view of them, may be classed under the following heads : —

1. The Variety of the Seasons.
2. The War.
3. The Currency.

There are, indeed, two other circumstances of a general character, which may be supposed to have influenced prices, viz., the increase of population, and the improvements in agriculture and manufactures. But as these circumstances have been uniform and progressive in their operation, although in opposite directions, they do not form any prominent part of the grounds on which the great *fluctuations* of prices can be accounted for.

In as far as the mere increase of population might be supposed to account for any part of the range of high prices of provisions, by the necessity of resorting for production to inferior soils, it must be admitted (the ratio of increase of population having been progressive) as a counteraction of any tendency to fall. And as the improvements in agriculture and manufactures, all tending greatly to reduce the cost of production, were in progress during the whole period, although not so rapidly, in the earlier part of it, they must have operated as a corrective against so great an advance in price

of those articles to which they applied, as might from the operation of other causes have been expected. This cause need therefore only be incidentally referred to, as accounting for the further fall of the particular commodities to which it is applicable, below the level to which they might otherwise have subsided.

The historical sketch which will be given in the course of this work, of the circumstances which may admit of being connected in the relation of cause and effect with prices, will afford the means of judging of the degree in which each, or any one or more, of the three general causes above stated may be supposed to have operated. But the conclusions to be drawn from a view of the facts as they occurred in connection with prices, during the period immediately under consideration, will derive additional force in as far as they may be found to be consistent with what might be inferred *à priori* from a reference to the mode and degree of influence of those general causes, and from experience of what has been their operation during intervals of some length anterior to 1793.

The course which it seems most expedient to adopt with this view is, in the first place, to consider the mode of operation of each of these causes, and the relative degree of importance to be attached to it on general grounds, illustrated by a reference to any observable influence exercised by it in some of the most prominent fluctuations of prices, antecedent to the period more immediately under examination, and then to proceed, with the inferences thus derived, to investigate the degree of influence that may be legitimately ascribed, separately or collectively, to these causes in the great variations of prices that have occurred since 1792.

PART I.

ON THE EFFECT OF THE SEASONS.

CHAPTER I.

GENERAL VIEW OF THE SUBJECT.

NOTHING has struck me as being more strange in all the discussions and reasonings upon the subject of the high and low prices of the period under consideration, than the little importance which has been attached to the effects which a difference in the character of the seasons is calculated to occasion.

Individuals interested in the markets for agricultural produce are habitually alive to the prodigious influence of the weather, at particular periods, on the result of the harvest in point of quantity, and still more in point of exchangeable value; and yet the same individuals, when called upon to account for a range of high or low prices at an antecedent period, perfectly within their recollection, seem wholly to neglect or overlook the consideration of the possibility of any influence on an extended scale of that cause, to which in detail, or in accounting for the produce of any particular year, they cannot help attaching a weight preponderating over every other. The farmer naturally, and almost instinctively, watches, with painful anxiety, the several critical periods in the growth

of the different descriptions of produce, and infers, according as appearances are decidedly unfavourable or propitious, and as they extend, or are supposed to extend, generally to the same descriptions of produce in other districts, the probability of a great alteration in the price: thus severe frost, or heavy rains at the blooming time, or unfavourable weather at harvest, or general indications of blight or mildew, or other extensive injury from some peculiarity in the atmosphere, lead him irresistibly to the conclusion that, supposing the same cause to apply to the greater part of the country, there must be a great rise in price, whatever may be the state of the currency, or the aspect of politics. If, on the contrary, after a year of bad produce and high prices, appearances are favourable for the growing crops; or if, after threatening indications of injury in the earlier stages of vegetation, the weather suddenly becomes propitious, all parties interested in the price immediately anticipate a fall, without refining upon the supposed agency of other causes.

Yet such being, in the minds of farmers and of persons interested in the corn trade, the paramount importance of the influence of particular seasons on the production of corn, it is not a little surprising, that among the numerous witnesses examined by the parliamentary committees on agricultural distress, there appears to have been, with a single exception*, none who included in their consideration of the means of accounting for the prevalence of the high prices from 1793 to 1815, the possibility of a more than usually frequent recurrence of unfavourable seasons, which, combined with the impediments from the war to a foreign supply, might go far to explain the phenomena. The general impression has been, both among practical men

* The exception here alluded to, is, that of my evidence before the Agricultural Committee of the House of Commons in 1821.

and speculative writers, that although there were two instances of scarcities during the war, viz. 1794, 1795, and 1799, 1800, and one subsequently in 1816, there was nothing otherwise of deficiency from the season of more than usual occurrence, or such as to justify a higher than usual range of prices between 1793 and 1819.*

Even when incidentally admitting the effect of the more prominent scarcities, little if any notice is taken of the mode and degree in which deficient crops promoted, during their prevalence, the prosperity of the farmers and landlords, or of the inevitable effect of the transition from a long course of comparative dearth to abundance, in causing agricultural distress.

With a view to show that there is nothing unwarranted by experience, in the supposition of the more frequent recurrence of unfavourable seasons in intervals of twenty years or upwards, than in intervals of equal length immediately preceding or succeeding; or in the assignment of a succession of years of plenty, as a cause of suffering to farmers and landlords; I propose to adduce instances derived from antecedent periods in the history of our agriculture. In order, however, to judge of the degree in which the variations of the seasons, such as they will be shown to have been, are calculated to affect the prices of produce and the condition of the agricultural interests, it may be necessary to premise some general observations on the effects of quantity on price.

* The partizans of war-demand, limit their explanation of high prices to 1814, while those of the currency extend theirs to 1819.

CHAP. II.

EFFECTS OF QUANTITY ON PRICE.

It is not uncommon to meet with persons, who, in reasoning upon prices of corn and other commodities, take for granted that the variations in price must be in exact or near proportion to the variations in the quantity which may, at different times, be actually in the market or in the country for sale; and who, if the variations in price do not correspond with the variations in quantity in a near proportion, infer that there must be something in the currency, or some unusual cause in operation, to account for what appears to them so anomalous an effect. Thus, the late Mr. Mushet, in a treatise on the currency, the object of which is to account for all the phenomena of prices by the state of the circulation, maintained, that such a fall of price as was in question could not be the effect of abundance if the currency remained unaltered, nor be productive of agricultural distress.

“ Mr. Tooke has (he says at page 66., referring to a former work of mine,) laid too much stress upon this argument: the cheapness that would follow from increased production would come gradually upon the public; and, if the amount of currency remained the same, the fall in prices would be relative to their abundance. But that one, or even two, good harvests should cause a fall of price generally from 30 to 45 per cent., is giving more to the bounty of nature than I think will be found consistent with the fact. But admitting the fact, does it follow that this abundance should cause general distress, and reduce the agricultural community to the verge of ruin? Admitting the argument, that a productive harvest would cause a fall of price beyond the actual abundance, would the farmer have no recompence whatever from such abundance? Would such abundance

render him incapable of paying for two or three years in succession more than two thirds or three fourths of his rent, when landholders were obliged to meet their tenants with a reduction to that extent, or have their farm thrown on their hands? I cannot contemplate such a state of things from bountiful harvests, even under the operation of our present corn laws. Nor am I aware that any evidence of such being the case, can be produced in the history of the agriculture of this country, unaccompanied with variations in the amount of the currency."

I have been the more induced to insert this quotation, because it was chiefly on the authority of Mr. Mushet's work that Mr. J. B. Say, the most distinguished of the French writers on Political Economy, expressed a most exaggerated opinion of the depreciation of the currency of this country; while, curiously enough, Mr. Say had occasion at the same time to notice variations of prices *as great* in France, which he accounted for upon very obvious grounds, without inferring any alteration of the value of money.

And more recently an opinion to the same effect has been stated by one of the most distinguished of the partisans of the doctrine of the paramount influence of the currency. Mr. E. S. Cayley, M.P., in his evidence before the Lords' Committee on agriculture, in 1836, said —

"It is one of the false notions entertained by political economists, that a bad harvest is an advantage. In all periods of history a good harvest was always considered a blessing, good both for man and beast, for then there is plenty in the land. When there is a deficient crop, that increases the price, but not sufficiently to compensate for the loss of produce; but the increase of produce by a good crop in a proper state of things, more than counterbalances the fall of price."—*Report of Lords' Committee on Agricultural Distress*, 1836. p. 321.

But the history of our agriculture tends very clearly to prove that in all the signal instances of scarcity and abundance of the crops, the variations of price have been in a ratio much beyond the utmost computation of the difference of quantity, and that on every occasion of marked tran-

sition, from dearth to abundance there have been complaints of agricultural distress.

The fact that a small deficiency in the produce of corn, compared with the average rate of consumption, occasionally causes a rise in price very much beyond the ratio of the defect, is obvious upon the slightest reference to the history of prices at periods when nothing in the state of politics or of the currency could be suspected to have had any influence.

Some writers have attempted to deduce a strict rule of proportion between a given defect of the harvest, and the probable rise of price.

The rule of this kind that has been most commonly referred to, is one by Gregory King, which is introduced in the following passage by D'Avenant:—

“It is observed, that but one tenth the defect in the harvest may raise the price three tenths; and when we have but half our crop of wheat, which now and then happens, the remainder is spun out by thrift and good management, and eked out by the use of other grain: but this will not do for above one year, and would be a small help in the succession of two or three unseasonable harvests. For the scarcity even of one year is very destructive, in which many of the poorest sort perish, either for want of sufficient food, or by unwholesome diet.

“We take it, that a defect in the harvest may raise the price of corn in the following proportions:—

Defect.		Above the common rate
1 tenth	} raises the price	3 tenths
2 tenths		8 tenths
3 tenths		1·6 tenths
4 tenths		2·8 tenths
5 tenths		4·5 tenths

So that when corn rises to treble the common rate, it may be presumed that we want above one third of the common produce; and if we should want five tenths, or half the common produce, the price would rise to near five times the common rate.”—(D'Avenant, Vol. II. pages 224 and 225.)

It is perhaps superfluous to add, that no such strict rule can be deduced; at the same time,

there is some ground for supposing that the estimate is not very wide of the truth, from observation of the repeated occurrence of the fact, that the price of corn in this country has risen from 100 to 200 per cent. and upwards, when the utmost computed deficiency of the crops has not been more than between one sixth and one third below an average, and when that deficiency has been relieved by foreign supplies.

All that can be said, therefore, in general terms, is, that a decided deficiency of supply is commonly attended in the case of corn, more than in that of most other articles, with an advance in price very much beyond the degree of the deficiency. And the reason of the fact is as clear, upon a little reflection, as the fact itself is upon the slightest observation.

The process by which the rise beyond the proportion of defect takes place, is the struggle of every one to get his accustomed share of that which is necessary for his subsistence, and of which there is not enough or so much as usual for all. Supposing a given deficiency, the degree in which the money price may rise, will depend upon the extent of the pecuniary means of the lowest classes of the community. In countries where the pecuniary means of the lowest classes are limited to the power of obtaining a bare subsistence in ordinary times, as in Ireland, and on many parts of the Continent, and where neither the government, as in France, nor the poor laws and contributions by wealthy individuals, as in England, come in aid of those means, a proportion of the population, according to the degree of scarcity, must perish, or suffer diseases incidental to an insufficient supply of food, or to a substitution of inferior and unwholesome diet. And the increased competition of purchasers being thus limited to the classes above the lowest, the rise in price may not be very

considerably beyond the defect of quantity. But in France, where it is a part of the general policy of the government to provide by the purchase of corn, in times of dearth, for the subsistence of the lowest classes, and particularly for that of the inhabitants of Paris ; and in this country, where the poor laws create a fund for the maintenance of the lowest classes, at the expense of all the classes above them ; where, moreover, the voluntary contributions of richer individuals swell that fund ; it is clear that the competition of purchasers would be greatly increased, while the supply being limited, the price would rise very considerably beyond the ratio of the deficiency. The final effect of a rise in price so much beyond the defect of the crops, when that increased rise is produced by the causes mentioned, is to limit the consumption and to apportion the privations resulting from scarcity over a larger part of the population ; thus diminishing the severity of pressure upon the lowest class, and preventing or tending to prevent any part of it from perishing, as it might otherwise do, from actual want of food.

It is of the utmost importance to bear in mind the operation of the principle of the great increase of price beyond the degree of deficiency, with a view to accounting not only for the high range of prices, but, likewise, for the extraordinary prosperity which attended the agricultural interest * during the first half of the period that will come under consideration, and which cannot, in my opinion, be accounted for in any other way.

* By *agricultural interest*, I mean exclusively farmers and landlords, and owners of tithes, who are alone benefited by an advance of price resulting from scarcity. The condition of the labouring classes, even of those employed in husbandry, is well known to be deteriorated in periods of dearth, as the wages of labour do not rise in full proportion to the advance in the price of provisions.

It is clearly through the medium of prices raised beyond the ratio of deficiency, that farmers gained such great profits pending the term of their leases, and that landlords obtained such greatly advanced rents at the granting of new leases.

If prices of produce had risen only in exact proportion to the deficiency of growth; thus, if in commonly good years, an acre of wheat produced 33 bushels, which sold for 6s. per bushel, or 9*l.* 18s., but, in a bad season, produced only two thirds of a crop, or 22 bushels, which sold for 9s. the bushel, or 9*l.* 18s., supposing the expenses of getting in the crops to be the same in both cases, the farmer would be neither gainer nor loser by the deficiency of his crops, that deficiency being here assumed to be general. The deficiency would be a general calamity, and farmers and landlords would bear their shares of it in their quality of consumers.

But, upon the principle here stated, the case would be widely different. In the event of a deficiency of one third of an average crop, a bushel of wheat might rise to 18s. and upwards.* Now, 22 bushels, at 18s. per bushel, would be worth 19*l.* 16s., whereas, the 33 bushels at 6s., were worth only 9*l.* 18s., making a clear profit to the grower of 100 per cent. This, of course, is an extreme case, and cannot, in general, be of long duration; it supposes no great surplus from former years, and no immediate prospect of adequate relief from importation. While the deficiency exists, however, whether in reality or only in apprehension, such, and still greater, may be the effect.

For the sake of illustration of the mode and degree in which a deficiency in the crops, compared

* Considering the institutions of this country relative to the maintenance of the poor, if there should be a deficiency of the crops amounting to one-third, *without any surplus from a former year, and without any chance of relief by importation*, the price might rise five, six, or even tenfold.

with an average produce, is calculated to affect the condition of the agricultural interest, let us suppose that the average produce of corn in this country were 32 millions of quarters * of all kinds, which would sell at 40s. per quarter all round as a remunerative price, making an amount of 64,000,000*l.* to be distributed as wages, profit, and rent, including tithe; but by the occurrence of a bad crop, deficient one eighth, uncompensated by a surplus from the former season, the price advanced to 60s., there would then be 28 millions of quarters at 60s., making 84,000,000*l.* being a clear addition of 20,000,000*l.* to be distributed among the farmers and landlords, and receivers of tithe in kind, in the first instance. Eventually, increased wages would form some deduction, if the advance in price, from the continuance of deficiency, lasted for more than one season, or if, by the recurrence of deficiency at short intervals, the advance were, on an average, in the same relative proportion. If the deficiency were one quarter, and the price were to rise, as it infallibly would, to at least double, the gain among those classes would be

$$\begin{array}{rcl} 32,000,000 \text{ of quarters at } 40s. & = & 64,000,000*l.* \\ 24,000,000 & & \text{at } 80s. = 96,000,000*l.* \end{array}$$

There can be little doubt that, in such a state of things, the agricultural interest would enjoy, not only the appearance, but the reality of prosperity. But it is clear, that the increased income distributed among the agricultural interest must, with the exception of the increased expenses incurred by the landlords and farmers in their quality of con-

* It was computed by Dr. Colquhoun, that the consumption of all kinds of grain in this kingdom amounted, in 1812, to 35 millions of quarters, exclusive of seed. Mr. M'Culloch estimates that, in 1834, the consumption might be computed at 44 millions exclusive of seed, and 52 millions including seed.—See article, Corn Laws and Corn Trade, in his Commercial Dictionary.

sumers, be at the expense of the other orders of the community. The advocates, however, for the agricultural claims, which, if they were admitted and could be made operative to their full extent, would artificially perpetuate the effects that could otherwise arise only from the sterility of the soil or the unpropitiousness of the seasons, seem to confine their observation of the consequence of the high price of provisions to the direct and obvious advantages resulting from the increased sum to be distributed among the farmers and landlords; and infer that this increased sum is the creation of so much additional wealth. It was the same confinement of view to the increased sum which an advance in the price of corn occasioned to be distributed in the shape of profit and rent, that led the sect of economists in France, who considered the raw produce of the earth as the only source of wealth, to look upon every advance in the price of that produce as so much increase of national wealth.

While the fact, indeed, and the reason of the fact that, as relates to commodities generally, and to corn more especially, a deficiency of quantity produces a great relative advance in price, has been repeatedly noticed and variously illustrated by several writers; the converse of the proposition, viz. that an excess of quantity operates in depressing the prices of commodities generally, but of corn more especially, in a ratio much beyond the degree of that excess, was little noticed until the publication of the report of the Agricultural Committee in 1821, or, if casually noticed, was not applied systematically in accounting for instances of great depression of prices, and of consequent distress among those who felt the effects of that depression. In the report of that Committee, the principle which is here alluded to, and upon which I was particularly examined, is stated, and some of the

consequences flowing from it are pointed out in the following passage : —

“ The cause which produces this greater susceptibility in the corn market, cannot be better explained by your Committee, than in the following extract from the answer of one of the witnesses who was particularly examined to this point : — ‘ Why should a different principle apply to corn than to any other general production ? Because a fall in the price of any other commodity, not of general necessity, brings the article within the reach of a greater number of individuals : whereas, in the case of corn, the average quantity is sufficient for the supply of every individual ; all beyond that causes a depression of the market for a great length of time, and a succession of two or three abundant seasons, must evidently produce an enormously inconvenient accumulation.’ — ‘ Is there not a greater consumption of corn when it is cheap than when it is dear, as to quantity ? There may, and doubtless must be, a greater consumption ; but it is very evident that if the population was before adequately fed, the increased consumption, from abundance, can amount to little more than waste ; and this would be in a very small proportion to the whole excess of a good harvest or two.’ ”

The report then proceeds to say : —

“ In the substance of this reasoning your Committee entirely concur ; and it appears to them that it cannot be called in question without denying either that corn is an article of general necessity and universal consumption among the population of this country, or that the demand is materially varied by the amount of the supply. This latter proposition, except within very narrow limits altogether disproportioned to fluctuation in production, is not warranted by experience. The general truth, therefore, of the observation remains unaltered by any small degree of waste on the one side, or of economy on the other ; neither of which are sufficient to counteract the effect which opinion and speculation must have upon price, when it is felt how little demand is increased by redundancy, or checked by scantiness of supply.”

It has been chiefly a want of consideration of the magnitude of the excess or defect of the crops in particular seasons, and sometimes in a succession of seasons, beyond the average rate of consumption, that has led a large, and, probably the largest class of reasoners on the prices of corn to suppose that an increase of consumption, arising, whether from

cheapness, or from increased employment of the working classes, in consequence of a flourishing as contrasted with a dull state of trade and manufacture, could form any considerable proportion to the excess of a superabundant harvest. * If it is considered that the produce of an ordinary crop of wheat in this country, at the commencement of the century, was estimated at nearly 9 millions of quarters, and is now variously computed at from 12 to 14 millions, and that the variations from season have been to the extent of one-fourth, or upwards, in excess or defect, making in the earlier period a difference of upwards of 2 millions of quarters, and in the later of upwards of 3 millions above or below an average, and a difference of upwards of 4 millions in the one case, and of 6 millions in the other between a very deficient and a very abundant crop,—it may easily be imagined, that retrenchment on the one hand, and increased consumption, however wasteful, on the other, can make comparatively little impression on such enormous difference of supply: but more especially, when such difference of supply is extended to more than a single season.

It is not therefore to be wondered at, that a succession of seasons, of somewhat more than ordinary produce relatively to the usual rate of con-

* Of the little comparative influence of retrenchment on the one hand, or of increased consumption on the other, two striking instances may be adduced:—

In the parliamentary committee on the scarcity in 1800, the deficiency of the crop of wheat was estimated at about 2,000,000 quarters; and in the examination into the resources for meeting that deficiency, after allowing for importation, the use of substitutes for wheat, and the stoppage of the distilleries, the whole amount of *retrenchment*, reckoned upon as the consequence of the very high price, was taken at 300,000 quarters. On the other hand, the more recent instance of the crop of 1834 proves, in a striking manner, the insignificant effect of extra consumption upon a productive harvest.

sumption, should be attended with an extreme depression of price; and that the fall of prices, consequent upon such a succession of seasons of more than ordinary produce, must be very ruinous to farmers, who were under agreement to pay rents which had been calculated on a higher range of prices.*

It will accordingly be seen, on reference to former periods of our history, that there were very different proportions of favourable or unfavourable seasons, in periods of considerable length; and that on the transition from dearths of some continuance to abundance, there have been complaints, as in more modern times, of farmers ruined, and of rents unpaid.

* The effect of abundance in depressing the price of corn, although it must be much beyond the ratio of the excess, is not calculated to be in the same ratio as that of deficiency in raising the price. In the event of a superabundant harvest, a part more or less of the excess may, according to the opinion and the capital, or credit of the farmer, be held over. If, however, the recurrence of propitious seasons should be such as to render the accumulation manifestly and inconveniently large, the subsequent depression would be the greater, in proportion to the previous resistance to a fall, and the only remedy would be an exportation at ruinously low rates, and eventually a diminished cultivation. As a general position, therefore, it may safely be laid down that an excess of the supply of corn is attended with a fall of price much beyond the ratio of excess; and that the larger quantity consequently will yield a less sum of money than the smaller quantity.

CHAP. III.

ON THE CHARACTER OF THE SEASONS AND THE
STATE OF PRICES, AND THE CONDITION OF THE
AGRICULTURAL INTERESTS PREVIOUS TO 1793.*Section 1. — Period ending in 1692.*

Of the character of the seasons, such as it is to be inferred from the state of prices down to the latter part of the 17th century, a concise, and, as it appears to me, a correct view, is taken in the following extract from an article in the Quarterly Review, No. 57., which contains a critique on a former work of mine, from the pen, I have reason to believe, of the late Mr. Malthus : —

“ In that very valuable table of prices collected by Sir Frederick Morton Eden, in his work on the Poor, periods of high and low prices are to be found, of considerable duration, for which it would be very difficult to give any other adequate solution, than the comparative abundance or scantiness of the supplies of corn, arising from the number of favourable or unfavourable seasons included in such periods.

“ After the great plague, which occurred about the middle of the reign of Edward III., and gave occasion to the first attempt to regulate wages by law, one should naturally have expected that, owing to the great loss of people then sustained, corn would become cheaper rather than dearer ; instead of which it appears to have risen from about 5*s.* 4*d.*, the average of the first twenty-five years of the reign of Edward III. to 11*s.* 9*d.*, the average of the last twenty-six years ; with very little difference in the quantity of silver contained in the same nominal sum. For this great rise of bullion prices, spreading itself over a period of twenty-six years, it would be scarcely possible to assign an adequate cause without resorting to a succession of unfavourable seasons. During the reigns of Richard II. and Henry IV., a period of thirty-four years, the bullion price of corn seems to have fallen rather

lower than it was in the first half of the reign of Edward III. In the first twenty-three years it was 5*s.* 7*d.*, and in the last eleven years 6*s.* 1*d.*; and as in the latter half of the reign of Edward III. the pound of silver was coined into 25*s.*, and at the end of the reign of Henry IV. into 30*s.*, the bullion price of this period was rather below what it was in the first half of the reign of Edward III.; and it certainly would be very difficult to explain the low prices of these thirty-four years, and the high prices of the preceding twenty-six, without the powerful operation of seasons.

“ In 1444, other statutes regulating the price of labour were passed, probably owing to the high price of corn, which had risen on an average of the ten preceding years to 10*s.* 8*d.*, without any further alterations in the coin; and for this rise there seems to be no adequate cause, but a succession of comparatively scanty crops, particularly as after this period there was a continuance of low prices for above sixty years. The average price of wheat from 1444 to the end of the reign of Henry VIII. in 1509, returned to about 6*s.*, while the pound of silver being coined into 1*l.* 17*s.* 6*d.* instead of 1*l.* 2*s.* 6*d.*, as at the time of passing the first statute of labourers in 1350, showed a very decided fall in the bullion price of wheat. This fall, however, was so considerable, and lasted for so very long a period, that we cannot attribute it wholly to the seasons. Still less are we disposed to attribute it to the cause assigned by Adam Smith—a gradual rise in the value of silver, because, if we refer to his own criterion of value, *labour*, we shall find that while the bullion price of corn had been falling, the bullion price of labour had been rising, and consequently, silver had been diminishing, instead of increasing in value. These prices of corn and labour could only have arisen from a great and continued abundance of corn, which was evinced by the very large quantity of it awarded to the labourer; and this abundance was occasioned probably by the combined operations of favourable seasons with the introduction of a better system of agriculture, before the distribution of property and the habits of the labouring classes had been so far improved as to encourage a proportionate increase of their number.

“ The rise in the price of corn during the course of the next century may, no doubt, be easily accounted for by the progress of population and the discovery of the American mines, without any aid from unfavourable seasons, although in fact such seasons did combine with the other causes just mentioned, in raising the price of wheat towards the end of the century from 1594 to 1598. The same cause unquestionably operated for twenty years about the middle of the subsequent century, from 1646 to 1665 inclusive, when the price of the quarter of wheat was 2*l.* 10*s.*—considerably higher than it was either in the earlier or later part of the century; and it is somewhat singular, that while during a considerable part of the civil wars between the houses of York

and Lancaster, and subsequently, corn was remarkably cheap ; during the civil wars under Charles I., and some time subsequently, it was as remarkably dear — a pretty strong presumptive proof that the seasons had more to do with the prices in both cases than the civil wars.*

The following extracts, from the Sloane MSS. in the British Museum, No. 4174, give a description of the effect, on the payment of rents, of a fall of prices, which occurred between 1617 and 1621, namely, from 43*s.* 3*d.* the quarter, of 8 bushels, to 27*s.** : —

“ Mr. John Chamberlain to Sir Dudley Carleton.

“ 12 February, 1620.

“ We are here in a strange state to complain of plenty ; but so it is, that corn beareth so low a price that tenants and farmers are very backward to pay their rents, and in many places plead disability ; for remedy whereof the council have written letters into every shire, and some say to every market-town, to provide a granary or storehouse, with a stock to buy corn, and keep it for a dear year. But though this be well advised, and make a fair show in speculation, yet the difficulties be so many, that it will not be so easy to put it into practice.”

The following was written at the same period :

“ England was never generally so poor since I was born as it is at this present ; inasmuch that all complain they cannot receive their rents. Yet is there plenty of all things but money, which is so scant, that country people offer corn and cattle, or whatsoever they have else, in lieu of rent—but bring no money ; and corn is at so easy rates as I never knew it to be at, twenty or twenty-two pence a bushel, barley at nine pence, and yet no quantity will be taken at that price ; so that for all the common opinion of the wealth of England, I fear, when it comes to the trial, it will prove as some merchants, who, having carried on a

* The quotations of prices of wheat, until after 1792, will be confined to those of the Windsor market, as contained in the Eton tables for the Winchester quarter of 8 bushels. As the quality is supposed to be superior to middling wheat, it has been usual among writers on corn to deduct one ninth for the difference ; but this I conceive is more than is warranted ; and the quotations, therefore, stand as they are given in the Parliamentary Papers.

great show a long time, when they are called upon too fast by their creditors, be fain to play bankrupt."

And further : —

" Sir Symonds d'Ewes, in his unpublished diary, notices, in 1621, the excessive cheapness and plenty of wheat, the consequence of which was to reduce the price of lands from twenty years' purchase to sixteen or seventeen.* The best wheat was then 2s. 8d. and 2s. 6d. the bushel, ordinary 2s. ; barley and rye, 1s. 3d.

" The farmers murmured ; the poorer sort traversed the markets to find out the finest wheats, for none else would now serve their use, though before they were glad of the coarser rye-bread. This daintiness was soon after punished by the high prices of all sorts of grain every where, which never since abated."

Again, in 1670, prices having fallen on a comparison with those which had prevailed during about 20 years, namely, from 1646 to 1665, gave occasion to considerable suffering.

The distress complained of by the agricultural interest was the reason of a new corn bill, imposing duties on the importation amounting to a prohibition. The state of things after that act is thus described by Roger Coke in his treatise, entitled " The Church and State are in equal Danger with Trade," published in 1671.

" The ends designed by the acts against the importation of Irish cattle, of raising the rents of the lands of England, are so far from being attained, that the contrary hath ensued. And here I wish a survey were taken how many thousand farms are thrown up since this act ; how many thousand farms are abated, some above one sixth, others above one fourth, others above one third ; some, I know, which after two years' lying waste, are abated one half.

In 1674 there was a considerable dearth. The price by the Eton Tables for Lady-day 1673, had

* The fall in the price of land, as indicated by the reduced number of years' purchase, has evidently, in this case, been computed upon the rents which were *payable*, but *not paid* ; and the uncertainty whether the low price of produce might not entail a fall of rent would naturally deter purchasers from giving so much for land as they would have done before the great reduction in the value of the produce.

been 35*s.* 6*d.*, but the harvest of 1673 having proved defective, the price on the Lady-day 1674 had risen to 64*s.* And the two years 1674 and 1675 are referred to as a period of great dearth.* The harvests of 1677 and 1678 appear, by inference from the prices, likewise to have been defective.† At Lady-day 1677, the price had been 30*s.* 3*d.*: and at Michaelmas, 1678, 56*s.* 11*d.* On the average of seven years the price was from 1666 to 1672, both years included, 36*s.*; and from 1673 to 1679, 46*s.* being a rise of nearly 30 per cent.

This comparative high range of prices had probably, the tendency to encourage and extend tillage, the effects of which seem to have been developed by a succession, in the following *twelve*

* Comber, on National Subsistence, p. 133.

† It may be a question how far quotations of price are admissible as evidence of the state of the seasons, when the degree in which price may be affected by the seasons is the very object of investigation. The answer is, that doubtless direct historical testimony would be better authority; but that, in the present case, the inference to be drawn from any great difference of price within short periods may be quite sufficient for practical purposes, when there is no direct description.

From an account in the Appendix of the prices of the Windsor market, from the Eton Tables, any very marked variation in the produce or promise of the season may be clearly inferred by a reference to the difference between the quotations of the spring and autumn, when nothing in the state of the currency, or any other important circumstance calculated to affect prices, is recorded to have occurred. The inference to this effect is strengthened by the accordance of direct notices of the state of the seasons, whenever they are given, with the indication conveyed by the variation between the Ladyday and Michaelmas prices. Hence, in the absence of any historical notice, it may be safely concluded, when no considerable difference is observable in the quotations from six months to six months and from year to year, that the seasons have preserved a general uniformity of character as to productiveness.

Dr. Adam Smith, when referring to considerable variations of price, and considering them, even for a period of ten years, to be too sudden to be ascribed to any change in the value of silver, which is always slow and gradual, adds, "The suddenness of the effect can be accounted for only by a cause which can operate suddenly, — the accidental variation of the seasons."

years, of favourable seasons and very low prices, with the exception only of one year, viz. 1684, in which, judging by a reference to the price, there seems to have been a somewhat deficient crop.

The low range of prices in the six years ending in 1691, is more especially remarkable, the average for those years being only 29*s.* 5*d.* ; but if we take only the four years ending in 1691, the average price will be found to be still lower, viz. 27*s.* 7*d.*, or a fall of upwards of 40 per cent., compared with the average of the seven years ending in 1679 ; this price too being for a quality better than middling.

The state of the currency, instead of accounting for this low price, adds to the grounds for wonder at its being so low. The silver, which was then the only current coin, had, during some years before this time, been undergoing a progressive deterioration, and had probably, at the revolution in 1688, reached nearly to its most degraded state, inasmuch as it was, very soon after that event, that the attention of Government was drawn to the magnitude of the evil, and the necessity of a remedy by recoinage. The deterioration of the coin, previous to the re-coinage, was estimated, by Mr. Lownds, at 25 per cent.* ; but supposing the degradation, in 1688, to have been only to the extent of 20 per cent., it would bring the price in money of full weight, on the *average* of the four years ending in 1691, to 22*s.* : and, applying the same deduction to the lowest quotation by the Eton Tables of that period, viz. at Michaelmas 1688, 21*s.* 4*d.*, the price in silver coin of standard weight would be reduced to 17*s.* 1*d.* for the Winchester quarter

* Silver was then the only current coin by which prices were determined. The guinea commonly exchanging at that time for 30*s.* of the worn and clipt silver. In 1695 the common price of silver bullion was 6*s.* 5*d.* an ounce, being 1*s.* 5*d.* or nearly 25 per cent. above the Mint price.

of wheat, of better than the average quality. That there is no material error in this very low quotation of the Windsor market is proved by a similar low quotation of the Oxford market in Mr. Lloyd's tables, viz. 21s. 11d., at Michaelmas 1688. It is impossible to assign these extremely low rates to any other cause than that of an inconvenient accumulation arising from a succession of favourable seasons, operating upon a state of tillage, extended, doubtless, by the comparatively high prices which had prevailed some time before.

Dr. Adam Smith, who notices the very low price of this period, seems inclined to consider it as an indication of, and resulting from, an increase in the value of silver. For, according to his view, the utmost effect of the discovery and working of the American mines, in reducing the value of silver, had been completed between 1630 and 1640, or about 1636. But supposing that there had been better grounds than there now appear to have been for the opinion entertained by Dr. Smith, of a tendency to a rise in the value of silver, this cause must necessarily have been extremely slow in its operation, and could most assuredly not account for so low a price as that of the four years ending in 1691, viz. 27s. 7d.; or, allowing for the deterioration of the coin, 22s. 1d., being the lowest at which it had ever been since 1595; long before the American mines could possibly have produced their full effect.

The bounty system* to which, by its advocates,

* By 1 William and Mary, a bounty was granted, of 5s. per quarter, on the exportation of wheat, when the price did not exceed 48s. 2s. 6d. per quarter on barley and malt, when not exceeding 24s.; and 3s. 6d. per quarter on rye, when not exceeding 32s. A bounty of 2s. 6d. per quarter was subsequently given upon the exportation of oats and oatmeal, when the price of the former did not exceed 15s. per quarter. Importation continued to be regulated by the act of 1670.

the low prices of corn in the first sixty-five years of the last century were ascribed, cannot in any way be brought to explain the low rate now under consideration. The measure was not adopted till 1688; and whatever might be its ultimate effect in encouraging an extended tillage, and thus *eventually* reducing the price, the first operation of it would be, as it was intended that it should be, a forced exportation, and a consequent immediate relief to the growers and dealers from the weight of accumulated stock with which they were oppressed. Accordingly, the markets did recover in a slight degree, after the passing of that measure, although they continued at a low range till 1692.* But if neither the supposed increase of the value of silver, nor the operation of the bounty can by possibility be assigned as the causes of that low range of prices, as little can any thing be found in the state of politics or trade to account for it.

A fall of the price of wheat to 29s. had taken place after the harvest of 1687, when the country was in a state of perfect political tranquillity: and it does not appear that the revolution in 1688 had any effect in deranging the markets for provisions. If, from such a cause, they had been particularly depressed, the rebound, when the extraordinary cause of depression was removed, would have been proportionably great; whereas the quotation at Lady-day 1689, of the Windsor market, was 23s. 1d., and of the Oxford market 25s. 6d. And at the end of two years after the revolution, viz. at Lady-day 1691, wheat in the Windsor market was only 29s.—the silver coin being then at nearly its lowest point of degradation. There appears, therefore, no ground of inference that any part of

* Indeed it must be perfectly clear, that the prices in the three years following 1688, low as they were, would have been still lower but for the bounty on exportation.

the depression of prices so remarkable between 1685 and 1692, can be referred to the state of politics in that interval : and as to any influence from the state of trade, there is no reason whatever for ascribing to it a depressing effect on the price of provisions, unless an improving and flourishing state of it is calculated to have that effect. The Board of Trade represented in 1697: “ We have made inquiry into the state of trade in general, from the year 1670 to the present time ; and from the best calculations we can make, by the duties paid at the Custom House, we are of opinion, that trade in general did considerably increase from the end of the Dutch war in 1673 to 1689, when the late war began.”— *Chalmers's Estimate*, p. 47.

It is indeed manifestly impossible to discover any cause for the remarkably low prices from 1685 to 1692*, but that of a succession of favourable seasons, acting upon a probably extended cultivation. Of the agricultural distress, resulting from such seasons, a sufficient proof is furnished by the enactment of the celebrated measure of the bounty ; the real object of which was, although professing to have in view the encouragement of tillage, to relieve the landed interest from the pressure of distress arising from low prices.

* In a publication, entitled a General Chronological History of the Air, Weather, &c., by Dr. Short, 1749, is the following quotation from a diary of the Rev. S. Say, of St. James's, Westminster : — “ In the latter end of the reign of King James, and the beginning of the reign of King William, the seasons were kindly to the fruits of the earth ; in 1688, wheat was sold in Norwich at 2s. per bushel, and in 1691 for about 2s. 6d.”

Section 2. — 1693 to 1714.

But if the low prices immediately antecedent to 1693 are, chiefly by inference (irresistible as the grounds for such inference are) referable to the state of the seasons, there is direct evidence of the influence of that cause in the remarkably elevated range of prices in the following seven years, which are traditionally known as the barren years at the close of the seventeenth century.*

Of these seasons there are various notices to be collected from publications relating to that period. Among them are the following : —

“ 1692. Great rains in autumn ; an earthquake was felt in England, and in most parts of Europe.

“ 1693. A very wet summer ; this unseasonable weather extended to France, where numbers perished for want, notwithstanding they imported much corn from Sweden and Denmark. In Kent, turnips made a considerable share of bread for the people.

“ 1694. A very wet summer.

“ 1695. Many of the Scotch are driven into Ireland by the excessive price of corn.

“ 1696. A very wet summer. A great want of money in

* In *The Farmer's Magazine for January 1800*, is a passage in which the editors, after noticing the importance of a register of the seasons, add, “ Such a register will not only inform the present generation, but must also prove very interesting to posterity. We need hardly say, that if similar information could be procured concerning the causes which occasioned the scanty crops at the end of the seventeenth century, traditionally called the *barren years*, it would be considered as a particular obligation.” And Mr. McCulloch, in his very elaborate work, “ *A Statistical Account of the British Empire*,” adverting to the scarcities with which Scotland has occasionally been visited, observes, that, “ Those from 1693 to 1700, emphatically termed the ‘ seven ill years,’ were particularly severe. During the ‘ seven ill years,’ the distress was so great that several extensive parishes in Aberdeenshire, and other parts of the country, were nearly depopulated ; and some farms remained unoccupied for several years afterwards.”—Vol. i. p. 424.

specie; but this was soon remedied by the new coin coming out.*

"1698. A very wet summer. Great complaints are made of the dearness of provisions and decay of trade.

"These cold and wet seasons lasted more than seven years; the dismal effects of famine were felt in most parts of Europe." *An Inquiry into the Prices of Wheat, Malt, and occasionally of other Provisions, as Sold in England from the Year 1000 to the Year 1765.* (Folio, published for T. Longman, 1768.)

The scarcity resulting from such seasons is noticed by Dr. Adam Smith, in the following terms: "The scarcity which prevailed in England from

* The state of the weather in 1697 is not noticed in this publication; but it is noticed in the following description, extracted from a "Syllabus of the general State of Air, Health, and Seasons," by Thomas Short, M.D.

"1697. From January 17. to February 11., a hard frost. A cold north wind all March, and to April 11. July 16. and 17., frost and mildew: calm to August 10. By constant daily rains growing corn sprouted in the ear; then came good harvest weather.

"1698. January had much snow, and deep drifts. February a cold cloudy month; 14 inches deep snow on the 26th, ice 4 inches thick. April 22., a deep snow. May 3., a general deep snow; and to June 18., very rainy. The 16th of June, in a warm rich soil, was the first wheat-ear seen near London. The backwardest spring in forty-seven years. The four months, to the end of August, had scarce two days together without rain (except from July 18th to the 26th). The wettest season known. Whole fields of corn spoilt, even in Kent; much more in the north. Horses were turned into the pease and barley. The earliest wheat not cut till the middle of September. In Kent, September the 29th, barley standing uncut there; much lay in the swaith till December; that which was brought in was soaked with wet, and almost useless. Much corn in the north ungot at Christmas; and, in Scotland, they were throng-reaping in January, and beating the deep snow off it as they reaped the poor green empty crop. Bread, made of wheat, was got; would not stick together, but fell in pieces, and tasted as sweet as if made of malt. The seed-time was so wet, that there was hardly above half a crop sown this year.

"1699. Now begins the first of several hot summers. June and July were so hot, that wheat began to be cut the 1st of August; and though there was but half a crop sown, yet it fell from 9s. and 10s. a bushel to a reasonable price; and continued so for several years."

1693 to 1699, both inclusive, though no doubt principally owing to the badness of the seasons, and therefore extending through a considerable part of Europe, must have been somewhat enhanced by the bounty. In 1699, accordingly, the further exportation of corn was prohibited for nine months." As the price, on the average, was above that up to which the bounty was payable, it does not appear how that measure could have enhanced the price, and I quote the passage merely as evidence of the notoriety of the fact of the prevalence of scarcity through the greater part of Europe during an interval of about seven years.

The relatively high prices of that period cannot, indeed, be satisfactorily accounted for in any other way. The bounty must, on the grounds which I have stated, have been wholly inoperative to that effect; or, rather, in as far as it was calculated to have the effect ascribed to it of forcing a surplus produce, it might, when the exportation was prohibited, have had a temporary effect in a contrary direction, viz. of preventing the rise to so great an extent as might otherwise have taken place.

Of the inveterate tendency which exists to refer every instance of relatively high prices of corn to the currency, however palpably attributable to other causes, there cannot be a stronger instance than that among speakers in parliament, and among writers out of it, whenever reference has been made to the prices of corn in the closing years of the seventeenth century, it seems to have been taken for granted that they were exclusively the result of the deteriorated state of the coin.

The assignment of this cause for the great rise of prices in the closing years of the seventeenth century, is at the outset negated by a very obvious and simple consideration. The silver coins were, in 1691, at, as nearly as might be, their greatest debasement; and it is the rise from that

period of nearly 100 per cent. which is to be accounted for. It would be extravagant to suppose that the further deterioration, till the calling in of the bad coin in 1695, could have been such as to produce any sensible effect on prices.

In the course of the years 1694 and 1695, measures had been taken for a new coinage; and the effect of these measures, while they were in progress, was to occasion great scarcity of circulating medium, by the inducement to hoard or to export the more perfect pieces, and to reject the imperfect. In 1695 a proclamation was issued, prohibiting the currency of the clipped money. In the early part of 1696, being the interval between the crying down of the old, and the issuing of the new coin, the scarcity of money seems to have been severely felt, as appears by the following extracts from Evelyn's Memoirs.

"June 11. 1696. Want of current money to carry on the smallest concerns, even for daily provisions in the markets. Guineas lowered to 22s., and great sums daily transported to Holland, where it yields more, with other treasure sent to pay the armies, and nothing considerable coined of the new, and now only current stamp, cause such a scarcity, that tumults are every day feared, nobody paying or receiving: so imprudent was the late parliament to condemn the old, though clipped and corrupted, till they had provided supplies. To this, add the fraud of the bankers and goldsmiths, who, having gotten immense riches by extortion, keep up their treasure in expectation of enhancing its value."

Nothing can indicate more strongly than this description the great stagnation of the circulation, and the consequent enhancement of the value of the circulating medium *; and it is probable, therefore, that prices, high as they were from deficiency of supply arising out of the seasons, would have been

* Mr. Huskisson, in his speech in June, 1822, on Mr. Western's motion, quoted from Archdeacon Coxe's publication of the correspondence between king William and the duke of Shrewsbury several particulars which fully confirm this statement of the scarcity of money and general stagnation which prevailed in 1696.

still higher in the interval immediately preceding 1696, if the contraction of the circulation had not been greater * with a debased, than it subsequently was with a more perfect coin. In 1696 the new coin began to appear, and, in the course of the two following years, the reformation of the currency was completed; but it was precisely in this interval, viz. from 1696 to 1699, both years included (the two last being years of peace), that prices reached their greatest height. The comparison of the prices of wheat in the four years ending in 1691, when the coin was deteriorated by at least 20 per cent., with the price in the four years ending in 1699, when the coin was restored to its full standard value, will stand thus :

			s.	d.
4 years ending 1691	-	-	- 27	7
4 years ending 1699	-	-	- 56	6

A further presumption, if any were wanting, against the supposition of the currency having had any influence in this high range of prices, is derived from the circumstance that a still greater proportionate rise, in the same period, occurred in France.

With regard to the hypothesis of war having occasioned these high prices, it is to be observed, that the prices continued low during the first two years of the war, viz. from 1689 to 1692, and that nearly the highest prices, viz. in 1698 and 1699, were after the conclusion of peace.

Upon the cessation of the long period of dearth, in the closing years of the seventeenth century, the fall of prices was rapid.

The price, after harvest, at Michaelmas 1700, had fallen to 33*s.* 9*d.*, and, after the harvest of 1702,

* The depression of the exchange immediately previous to 1696, to the extent of nearly 25 per cent., was the effect of the large foreign expenditure. But that depression could, of course, not have taken place if the coin had been perfect.

to 25s. 6d. This fall of *upwards of 50 per cent.* took place, notwithstanding a renewal of the war with France in the year before, and notwithstanding the full operation of the bounty on exportation. The fall being so great, it might naturally be supposed that rents which had probably been regulated with some reference to the previous long range of high prices, could not easily be paid, and there happens to be testimony that rents were not paid. Evelyn, in his Diary, January, 1703, writes : “ Corn and provisions so cheap, that the farmers are unable to pay their rents.”

The harvest of 1703 seems to have been unfavourable, as the price of wheat rose by Lady-day following to nearly double of what it had been in the preceding spring, viz.

				Per Winchester Quarter.	
				s.	d.
1703.	Lady-day	-	-	26	8
	Michaelmas	-	-	37	4
1704.	Lady-day	-	-	51	7

At Michaelmas, 1704, it fell to 30s. 10d., indicating that the crops of that year had proved abundant; and, from that time (the government expenditure, be it remarked, arising from the war being then on a very large scale) till 1708, it continued at a low range, viz. from 23s. 1d. to 27s. 3d. The following is a notice of this period, extracted from the work which I have already quoted : —

“ 1706. — Historians take notice that about this time the kingdom was blessed with plenty; that the people cheerfully contributed to the expense of the war.”

The same author proceeds to say :

“ 1708.* — A hard frost, which brought on a prodigious

* The winter of 1708–9 is one of the most memorable of any in the last century for severity and duration. The instances

scarcity of provisions, more in France than in England. In general the summer was cold and wet.

"1709. — The queen, in her speech to parliament, complains of corn being exported at such high prices as distressed the poor. Exportation prohibited for one year. There fell this year rain to the depth of $26\frac{1}{2}$ inches. I think the mean depth of rain falling in England is $19\frac{1}{2}$ inches.

"1710. — Exportation prohibited for one year."

The effect of this variation of the seasons on prices is strikingly exemplified in the following quotations : —

				s.	d.
1708.	Lady-day	-	-	27	3
	Michaelmas	-	-	46	3
1709.	Lady-day	-	-	57	6
	Michaelmas	-	-	81	9
1710.	Lady-day	-	-	81	9

Being a rise of 200 per cent. in two years. We were then indeed at war, as we had, however, been during the previous low prices ; but as if to negative the possibility of ascribing the rise in this instance to extra demand or consumption arising from the war, it so happens that the price fell again,

of extreme and prolonged frost were the subject of observations interchanged among all the scientific societies of Europe. In this country, and throughout the greater part of the Continent, the frost began in October, and continued with few intermissions into a very advanced period of the spring. The summer following was cold and wet. And the dearth with which Europe was visited in 1709, as the consequence of the severe winter, and the cold and wet summer, appears to have been very severe and very general. Dr. Short gives a detailed account, too long for extract, of this season ; but he notices one circumstance, which is worth recording, of the effects of the cold backward spring, following so severe a winter, on the wheat crop : "Wheat over the kingdom," he says, "was generally destroyed on the north-east side of the furrows." This is precisely similar to the effects ascribed by Mr. Burke, in his publication entitled "Thoughts and Details on Scarcity," to the cold east winds in June, 1795.

in 1712, to 33s. 9d. Nay, even further to prove how independent of the war the fluctuation was, the price having continued at about 30s. the quarter till the peace of Utrecht, in 1713, immediately after that event, rose (at Michaelmas, 1713,) to 56s. 11d. or 70 per cent. During all these fluctuations, the silver coins were in an undeteriorated state. There had been some variations in the value at which the gold passed, but these did not affect prices which were estimated in silver.

A comparison with the prices in France may again be resorted to, as showing, by a coincidence of the fluctuations, that they were produced by causes common to both countries, and not by any peculiarity in the currency of this country. Indeed, whether by reference to that comparison, or by an inspection of the difference between the Lady-day and Michaelmas quotation of either the Eton or the Oxford tables, there can be no doubt but that there was, on the continent of Europe as well as in this country, a considerable proportion of deficient harvests in the seven years ending in 1715, as compared with the preceding seven years.

And taking the whole period from 1692 to 1715, embracing an interval of twenty-three years, it will be seen that by direct evidence for the greater part, and by irresistible inference for the rest, there are not fewer than eleven of these twenty-three seasons of more or less deficient produce.

It is to be borne in mind, that in the period here referred to, the bounty on exportation had been in full operation, and that previously to the institution of it, the growth of corn had, in ordinary seasons, been such as afforded some surplus for exportation. Upon the occurrence, therefore,

of years of scarcity, the portion of land cultivated beyond that which in ordinary years was sufficient to supply our own ordinary consumption, would be available (especially when enforced by a prohibition of export) in lieu of what, under opposite circumstances, would be the necessity for an increased importation. So that, if from 1693 to 1715 we had been in the habit of requiring an annual foreign supply of corn, the prices would have been higher by at least the ordinary charges of importation, and during the time of war by the extra charges incidental to the difference in ordinary wars. But as it was, the average prices of seven consecutive years of that period were upwards of 80 per cent. higher than those of the seven years immediately preceding, and this obviously by the mere effect of the seasons. If, then, to the prices of the seven years ending in 1699, were added such extraordinary charges as formed the condition of a foreign supply during the latter period of last war, the average of those seven-years would be much higher relatively to the interval of seven years ending in 1692, than the average from 1807 to 1814, relatively to the seven years ending in 1792.

Section 3. — 1715 to 1765.

But if the period of twenty-three years, ending in 1715, be remarkable for a high range of prices of corn, compared with the period immediately preceding, there is still more ground for remark in the very low comparative range of prices observable in the 50 years following 1715.

The average of 23 years, ending in 1715, is, by the Eton tables, 45*s.* 8*d.* ; while of the 50 years following 1715, it is 34*s.* 11*d.* In order to obviate any question as to the accuracy of these quotations, they may be compared with those of the Oxford tables, which have been collected with great care by Mr. Lloyd ; and allowing for the usual difference of markets, it will be found that they lead to the same comparative results.*

In this long interval of 50 years, there appear to have been only five seasons which, whether by inference from prices, or by historical notice,

* C. Smith, the author of the tracts on the Corn Trade, published in 1765, bears the following testimony to the accuracy of the Windsor prices. Referring to a speech addressed by the Procureur-general to the parliament of Britany in France, on the 20th August, 1764, wherein he has occasion to state that the usual price of wheat throughout Europe was reckoned to be twenty livres the septier, Mr. Smith adds the following remarks : —

“ Equal to 33*s.* 6½*d.* the London quarter. Now, it appears that the average price for the last 79 years, viz. 1686 to 1765, hath been 33*s.* 2½*d.* at Windsor ; that is, 4*d.* below the general market of Europe : whereas before for 91 years it was 38*s.* ¾*d.* that is, 4*s.* 6*d.* above the said general price. And that these Windsor prices are more to be depended on than could at first be known, is proved, not only by the said average price of Europe, but also by the average price at London from 1740 to 1764, being found, on inquiry, to have been only 6*d.* per quarter less ; and by the average of all the wheat bought at the victualling offices at London, Dover, Portsmouth, and Plymouth, for the last 20 years, ending February 18. 1765, as appears by an account laid before parliament, being only 32*s.* 6½*d.*, that is, 10*d.* above the Windsor price for the same time ; and this last sum will amount to about 2 per cent. discount on the bills, but we cannot well call it less than 5 per cent., and then it will be found to have been 6*d.* below the Windsor, and to agree with the London price.”

It is to be observed, that C. Smith, in his quotation of the Windsor prices of wheat, from the Eton tables, makes a deduction, not only of one ninth for the reduction from the 9 gallon measure to the Winchester measure of 8 gallons, but of one ninth more for the difference of quality above middling wheat.

could be considered as of a marked deficiency of produce, or in any way approaching to what could be designated as seasons of scarcity. These were 1727 and 1728 ; 1740 ; 1756 and 1757.

It may be a question whether the year 1725 should not be included among the seasons of marked deficiency inasmuch as the Michaelmas price rose nearly 12*s.*, namely, from 37*s.* to 49*s.*, above that of Lady-day. But the price gave way in the spring following ; and as the quantity of wheat exported was about 200,000 quarters, that of the preceding year having been still greater, besides about 300,000 quarters of malt, there is every reason to believe that the advance of price which was of very short duration, must have arisen mainly, if not exclusively, from the demand for exportation.

If the harvest of 1725 is not to be considered by inference from the price to have been deficient, there being no historical notice to that effect, it would appear that there was not a single season of marked deficiency of produce from 1715 to 1727.

From 1727 to 1729, was a period of some, though not of a severe, degree of dearth. It is noticed historically, and is further proved by the circumstance, that whereas for thirty years before 1727, and for thirty years after 1729, there had been a balance of export of wheat, there was in 1728 a balance of import of 70,757 quarters, and in 1729 of 21,322 quarters.

The price of wheat which had been at Lady-day, 1727, 32*s.* 11*d.* rose at Michaelmas to 41*s.* 9*d.*, and at Lady-day, 1728, to 49*s.* 2*d.* Referring to this period is the following passage, in "An Inquiry on National Subsistence," by W. T. Comber : —

"We learn from contemporary authority that the scarcity was owing to much rain which had fallen that year, and that the months of March, April, May, June, and part of August of the following year, were also rainy. This occasioned wheat to rise

from 4s. per bushel to 8s. But the spring and summer of 1729 being remarkably dry, the harvest was abundant, and the prices of next year were only 28s. 4d."

Low as the prices had been in the absence of seasons of scarcity from 1715 to 1727, they were still lower in the twelve following years, from 1729 to 1740. There does not indeed appear to have been in that interval a single season in which either from prices or from historical reference, any deficiency of produce can be inferred. The writer last quoted, observes—

"The average of 1731, 1732, and 1733, was only 22s., in the latter of which years the amount of all grain exported exceeded 697,000 quarters, of which 427,000 were wheat: 498,000 quarters of wheat were exported the next year, the price being 30s. The average annual exportation of all grain for the ten years from 1731 to 1740, inclusive, was 527,000 quarters, and of wheat 290,000; and the average bounty 103,000*l.* per annum. The average price of this period was 29s., but in the concluding year it was 39s."

The great fall of prices in 1731, 1732, and 1733, following the slight dearth of 1727 and 1728, was, as might be expected, productive of great agricultural distress. The following extract describes it in terms which might be supposed to have emanated from the late Mr. Webb Hall's Committee, or from the Agricultural Associations of a more recent period:—

"The interest of our British landholders has been declining several years last past; it has been a general observation, that rents have been sinking, and tenants unable to make as good payments as formerly, even in counties where there is the greatest circulation of money, the maritime ones, and those near the capital cities of the kingdom. As this is too well known to be their case, they deserve the attention and favour of our legislature: it is proper they should make a tolerable interest of their money, as well as adventurers in other businesses, which few of them do, who have not enjoyed their bargains twenty years, or a longer time, for lands are much dearer now. Wheat this year and last never mounted in some of the extreme parts of the kingdom, to above three shillings and eight-pence per Winchester; barley is now sold in the West of England for two shillings per

Winchester bushel. Prices are often higher fifty miles round London than elsewhere, which induces several great men to think that countrymen live better than they really do. Country measures (which are frequently larger than the Winchester or legal bushels) contribute farther to such mistakes. Before they can pay their rents, wheat of middling goodness ought, I think, to sell for about four shillings and three-pence per Winchester, not in a few places, but throughout the kingdom; barley for 2s. 6d., peas, 2s. 3d., and oats 1s. 6d. per Winchester. I know in former times less prices were sufficient; but as circumstances alter, the same thing is altered: corn farms (iron, timber, harvest people, and servants, being much dearer than heretofore) will not yield sufficient profit to the occupiers of them, unless they can have such prices, particularly as cattle, pigs, sheep, butter, and cheese, are now one third part cheaper than formerly, and what is called a living price.

“The flourishing condition of the landed interest supports all trade; most trades now (except those which supply luxury, those of gold and silversmiths, lacemen, vintners, painters, dealers in silks, velvets, and high priced cloths,) are in apparent decay; which is not only proved by the general declarations of tradesmen, but by too many instances of bankruptcy amongst them. I wish I could say the present times are not the worst. Our exports are, perhaps, as great as formerly; whence, then, all this complaint? Our farmers are worse customers than formerly; necessity has compelled them to more carefulness and frugality in laying out their money, than they were accustomed to do in better times.” (*The Landholder's Companion, or Ways and Means to raise the Value of Land*, by William Allen, Esq. of Fobstone, in Pembrokeshire, 1734.)

As further proofs of the complaints of distress, and of rents ill paid, as attending the low prices of corn, are the following extracts. In a publication by the elder Lord Lyttleton, “*Considerations on the Present State of Affairs*” (1738), he says, “In most parts of England, gentlemen's rents are so ill paid, and the weight of taxes lies so heavy on them, that those who have nothing from the court can scarce support their families.” And Arthur Young quotes a writer who, in 1739, speaks of the landholder as being in so bad a state, that he asks, “What must have become of them if it had not been for a demand from abroad?” (*Farmer Restored*, p. 14.)

The winter of 1739-40 was one of extraordinary severity and duration. It forms one of the three most memorable winters of last century, the other two being those of 1708-9, and 1794-5. A great number of interesting details of the phenomena attending it are recorded in contemporary publications. As in the case of the other two remarkably severe and long winters, it was followed by a very deficient harvest. The price consequently, which had been in the Windsor market at Lady-day, 1739, 31*s.* 5*d.*, rose at Lady-day following, 1740, to 41*s.* 9*d.*, and at Michaelmas to 56*s.** This, and a corresponding high price of other provisions, was felt after so long a period of cheapness as one of great dearth. The exportation was prohibited for one year. This prohibition of export, combined with a favourable harvest in the following year, had the effect of reducing the price at Michaelmas, 1741, to 32*s.* The dearth in this instance, accordingly, was confined to a single year; and it was followed by an uninterrupted succession of ten good and abundant seasons; namely, from 1741 to 1751.

The testimony to this effect rests on unexceptionable authority. The author of the celebrated Corn Tracts†, who is often quoted by Dr. Adam Smith, and who has furnished materials and facts for the great bulk of succeeding writers on the subject of corn, expressly says (page 20. 2d ed.), “We had ten as good years as ever were known in succession, from 1741 to 1751.”‡

* The price in the Oxford market, at Michaelmas, 1740, was 59*s.*; at Michaelmas, 1738, it had been 20*s.* 2*d.*; the rise, therefore, upon the latter price was nearly 200 per cent.

† These (of which the first edition appeared in 1758) were published anonymously, but have been generally ascribed to Mr. Charles Smith.

‡ In a paper presented to the Royal Society in 1786, on the variations of the seasons, by Mr. Barker of Lyndon, referring to

In addition to this testimony as to the general character attaching to the term from 1741 to 1751, I have met with casual descriptions of particular years ; and the following extracts from the letters of Mr. Peter Collinson*, a celebrated botanist, to Linnæus, containing those descriptions, may not be uninteresting, at the same time that they will tend to form something like a standard of what may be considered as a fine season, to which to refer a comparison of the seasons of more recent occurrence, as well as of those from 1793 to 1813.

“ London, Jan. 18. 1743. O. S.

“ We have now a wonderful fine season, that makes our spring flowers come forth. I am sure you would be delighted to see my windows filled with six pots of flowers, which the gardener has sent me to town †, viz. great plenty of aconites, white and green hellebore, double hepatica, crocus, polyanthus, periwinkle, lauristinus, vernal red cyclamen, single anemonies, and snow-drops. None of these were brought forward by any art, but entirely owing to the temperature of the season, though some seasons I have known things forwarder than now.”

“ London, Oct. 26. 1747, O. S.

“ My garden is in great beauty, for we have had no frost ; a long, dry, warm summer, and autumn grapes very ripe.

“ The vineyards turn to good profit, much wine being made this year in England.”

“ London, Oct. 3. 1748, O. S.

“ We have had a fine summer. Great plenty of all sorts of fruits and grain, and a very delightful autumn. It is now as warm as summer ; no bearing of fires. My orange trees are yet abroad. My vineyard grapes are very ripe ; a considerable quantity of wine will this year be made in England. We have not had one frosty morning this autumn. Marvel of Peru, double-flowered

these ten years, the writer says of them, that they were neither very wet nor very dry ; and adds, “ This was the most plentiful and cheapest time for corn I ever remember.”

* A selection of the correspondence of Linnæus and other Naturalists, by Sir Jas. Edw. Smith, M. D., F. R. S., &c. 1821.

† Mr. Collinson's country house was at Mill Hill, in Middlesex.

nasturtium, and all other annuals are not touched. My garden makes a fine show."

" May 8. 1749.

" How the winter has been in Sweden I do not know, but at London the like warmth and mildness were never remembered. Our autumn was long, warm, and dry, with a few slight frosts before Christmas; but we have had since fine, warm, dry weather, and no frosts or snow. Our gardens were in great beauty in January and February: almonds, apricots, and peaches in blossom. Feb. 23. I went into the country. The elm hedges had small leaves; standard plums, almonds, and crocuses in full blossom; gooseberries showing their fruit. In short, it would be endless to talk to you of the wonders of this season. March 5. The fig in my London garden had small leaves when peas and beans under south walls were in blossom."

The exuberant abundance, resulting from seasons of which these letters afford a few specimens, is moreover referred to in several pamphlets, to which the dearths of 1756 and 1757, and of some subsequent periods gave rise. But the most unequivocal proof of the exuberance of the produce of such a succession of plentiful seasons, is afforded by a reference to the exportations of grain in the concluding years of that series.*

Years.	Wheat.	Barley, Malt, and Rye.	Total.
1748	543,387	530,830	1,074,267
1749	629,019	515,684	1,144,733
1750	947,602	658,588	1,606,190

* With reference to the ten years from 1741 to 1750, Dr. Adam Smith, after describing them as years of extraordinary plenty, and as attended with a remarkably low price, proceeds to observe, " Between 1741 and 1750, however, the bounty must have hindered the price of corn from falling so low in the home market as it naturally would have done. During these ten years the quantity of grain of all sorts exported, it appears from the Custom House books, amounted to no less than 8,029,156 quarters. The bounty paid for this amounted to 1,514,962*l.* 17*s.* 4*d.* In 1749, Mr. Pelham, at that time prime minister, observed to the House of Commons, that for the three years preceding, a very extraordinary sum had been paid as bounty for the exportation of corn. He had good reason to make this observation; and in the following year he might have had still better. In that single year the bounty paid amounted to no less than 324,176*l.* 10*s.* 6*d.* It is unnecessary to observe how much this forced exportation must

From what the author of the Corn Tracts states, the seasons from 1752 to 1755 seem to have been of doubtful produce ; for his words are, after mentioning the ten good years in succession, “ Nay, if the common opinion is right, we have had sixteen.” But we may conclude, that if not decidedly abundant, they were not deficient in any considerable degree ; for there was a large export in some of those years, a great want of corn being experienced in the south of Europe in that interval, and the prices at home were not raised very materially by that export.

I have been induced to trespass on the patience of my readers with so long a detail of the seasons in the interval from 1730 to 1755, because they present a series of twenty-six years, with the inter-

have raised the price of corn above what it otherwise would have been in the home market.”—*Wealth of Nations*, vol.i. ch. 11.

Agreeing as I do with Dr. Smith in his objection to the bounty as a measure of legislation, I must be allowed to differ from him in the opinion which he expresses of its operation in the present instance. As the price of wheat was falling coincidently with the enormous exportation of the three concluding years of the series, viz.

In 1748	-	32s. 10½d.	per quarter.
1749	-	32s. 10½d.	do.
1750	-	28s. 10½d.	do.

And as the very low price of this last year (being, moreover, low as it was, for a quality better than middling,) coincided with the largest exportation of the whole period, it is difficult to conceive how it could be said to have raised the price. The utmost that can be said by the objectors to the bounty, of its operation in this instance is, that it may have prevented the price from falling so much as it might otherwise have done. But the advocates for that measure might contend, and with apparent reason, that but for the relief afforded by the bounty to the growers they must have reduced the cultivation, and thus have raised the price. In truth, the operation of the bounty appears to have been during this interval rather that of counteracting the discouragement to cultivation from prices so very low as those which were the effect of a series of plentiful years than of raising the price, and of thus, according to the received notion, inducing a resort to fresh land at an increased cost of production.

vention of only one of a decidedly unfavourable character, viz. the winter of 1739 and 1740, followed by a bad harvest; and because the inferences from the fact are of importance as to the probable or possible effect of such a succession of favourable seasons on prices, independent of any alteration in the currency or in the financial measures of the government, and independent likewise of transitions from war to peace.

The degree of cheapness resulting from a succession of good seasons, or of seasons unmarked by the intervention of any one of great deficiency, is so curious as to be worth exhibiting more in detail than is usually done, as the tables containing average prices are generally confined to the quotations of wheat, and do not give the whole range of variations even of that single article. The following are the quotations of prices at Mark-lane and Bear-quay, for fifteen years, and they afford a confirmation in detail of the greatest depression having occurred during a period of war attended by a very large government expenditure defrayed by loans: —

January Prices of grain at Mark-lane and Bear-quay, extracted from the Appendix to Sir Frederick Morton Eden's work (page 80.).

	Years.	Wheat.		Barley.		Oats.	
		s.	s.	s.	s.	s.	s.
War.	{ 1742	26	to 29	15	to 20	12	to 15
	{ 1743	20	23	15	20	13	16
	{ 1744	19	21	11	13	9	12
	{ 1745	18	20	12	15	12	16
	{ 1746	16	24	10	12	12	14
	{ 1747	27	30	8	12	6	9d.
	{ 1748	26	28	13	14	9	12
	{ 1749	27	32	17	18	14	16
	{ 1750	24	29	14	17	12	14
	{ 1751	24	27	14	17	13	14
War.	{ 1752	33	34	17	19	12	6d. 16
	{ 1753	29	33	17	18	10	6d. 12
	{ 1754	27	33	17	19	12	6d. 13
	{ 1755	24	26	12	14	10	13
	{ 1756	22	26	14	15	12	13

And the average price by the Eton tables for wheat of better than average quality, for the ten years from 1742 to 1751, was 29s. 2½d.

The harvest of 1756 proved greatly deficient, as well in this country, as through the greater part of Europe. In Smith's Corn Tracts is the following description of it : —

“ The last season of 1756 from its beginning was extremely unfavourable; thousands of acres remained unsown, and the bad condition in which many more were sown rendered them incapable of producing a good crop, although favourable weather had followed. It is certain that the weather, during the spring, summer, and harvest, was generally unfavourable; great quantities of grain perished by the rains and winds, and most of what remained proved defective, both in quantity and substance, by its not duly ripening.

The scarcity thence arising was attended with a very considerable advance of price, and with severe suffering among the lower classes, which is thus noticed in the work before quoted : —

“ 1756. Many insurrections in England, on account of the scarcity of corn, and the high prices of provisions. The king expresses to the parliament his concern for the sufferings of the poor, and the disturbances to which they have given rise; and exhorts them to consider of proper measures to prevent the like mischiefs hereafter. The exportation of corn prohibited from Christmas.”

It may be worth while to break the course of this description of the seasons, in order to show the prodigious effect on price of one season of decided scarcity, when, from previous exportation or scanty crops, there was no considerable old stock. The quotations of wheat in Mark-lane, in 1756, before the deficiency of the harvest of that year had been ascertained, were 22s. to 26s.

In January, 1757, the price rose to	-	49s. to 50s.
February	- - - -	47s. 51s.
March	- - - -	46s. 54s.
April	- - - -	61s.
May	- - - -	64s.
June	- - - -	67s. 72s.

The harvest of 1757 appears to have been deficient, although not in the same degree. It is probable, from the subjoined extract of Collinson's letters, that the extreme heat of the summer of 1757 may have rendered the crops light.

“ December 25 and 27. 1757.

“ The extraordinary heat of our summer has ripened all sorts of fruit to perfection. In two gardens I saw this year pomegranates against south walls, without any art, ripened beyond what can be imagined in so northern a climate ; they look extremely beautiful, and are of the size of some brought from abroad. Our autumn has been long, dry, and warm, and so continues ; for a few slight frosts have not stripped the garden of flowers at Christmas-day. The winter season has not closed before the spring flowers begin ; for there are plenty of polyanthus, narcissus, pansies, and sweet violets,” &c.

The six succeeding seasons, viz. from 1758 to 1763, both years included, seem to have been favourable : the particular character of some of them is noticed in Collinson's letters.

“ July 25. 1759.

“ We had the mildest winter ever known. Our spring was early and very agreeable, and our summer the finest and warmest since 1750. Great plenty of all sorts of grain and fruits. New wheat, of this year's produce, has been the 21st inst. at market.”

“ London, Sept. 2. 1762.

“ We have had a delightful warm summer ; all the fruits of the earth very good and in great plenty.”

The season of 1763 is thus noticed by Collinson : —

“ London, Sept. 15. 1763.

“ Almost every day rain since the middle of July ; the spring and summer very dry to that time. Very great plenty of grass, and all sorts of corn, but the weather unkindly for the harvest.”

Of the succeeding season I find no direct notice by Collinson. As the price rose at Michaelmas, 1764, to 44*s.* 5*d.*, a high price at that time, the harvest of that year may be suspected to have been unfavourable ; at the same time, as there was a

large export, it is possible that the advanced price may in some measure have been occasioned by an unusual demand for corn abroad.*

Mr. Collinson gives the following description of the season of 1765 : —

“ London, September 17. 1765.

“ You, my dear friend, surprise me with telling me of your cold and wet summer ; whereas our summer has been as much in the extreme the other way. For all May, June, and July were excessively hot and dry ; but six or seven rainy days in three months, so that all our grass fields look like the sun-burnt countries of Spain and Africa. The beginning of August we had some fine rains, but they did not recover our usual verdure ; since to the present writing, hot and dry weather, not a drop of rain for fourteen days. Our hay is very short, and oats and barley a middling crop ; but of wheat, which we most wanted, good Providence has favoured us with a plentiful crop and a good harvest, which began two weeks sooner than in common years.”

After this fine, though not very productive season, there was a series of nearly ten years, marked by a very frequent recurrence of unpropitious seasons : and as henceforward a new epoch commenced in the corn trade of this country, characterised by a range of relatively high prices, and accompanied by

* In the chronological table of prices, and of the events connected with them, in the work before referred to, is the following passage : — “ 1764. The king reminds his parliament of the high prices of corn, occasioned by the exportation of it. The parliament finds the price of beef to be 3*d.* per lb. to the vendor. Beef, mutton, and veal, at Exeter, 4*d.* to 4½*d.*”

N. B. In the same work, under the date 1724, beef, mutton, veal, and pork, are stated to have been at 1½*d.* per lb. at Exeter.

The exportations in the six years following 1758, were considerable, although they exhibit a decided falling off, as compared with the ten years ending in 1750.

Years.	Wheat.	Other Grain.
1759	226,426 qrs.	233,556 qrs.
1760	390,710	313,903
1761	440,746	437,359
1762	294,500	415,081
1763	427,074	218,482
1764	396,537	261,231

a change from a balance of export to a balance of import of grain, it may be worth while to pause here for the purpose of considering some of the phenomena presented by the period ending in 1765.

All the writers who have turned their attention to the subject of the prices of corn, have been struck with the circumstance of the cheapness of the period from 1700 to 1765*, but more especially in the interval between 1715 and 1765, compared with the average price of the preceding century, and have endeavoured variously to account for that circumstance. The pamphlets with which the press teemed, upon the change from low to high prices, referred all the phenomena of the fluctuation, according as it suited the views of the writers, to the operation of the bounty on exportation. The question respecting the effects of the bounty seems, indeed, to have given rise to almost as much controversy at that time as the question of the effects of the bank restriction has since done.

The advocates for the bounty contended, that the cheapness of corn was wholly attributable to that measure, while, upon every occurrence of a season of dearth, the scarcity and consequent high price was by the adversaries of the bounty re-

* "In the sixty-four first years of the present century, the average price of the quarter of nine bushels of the best wheat, at Windsor market, appear by the accounts of Eton College to have been 2*l.* 0*s.* 6½*d.*, which is about ten shillings and sixpence, or more than five and twenty per cent. cheaper than it had been during the sixteen years preceding 1636; when the discovery of the abundant mines of America may be supposed to have produced its full effect, and about one shilling cheaper than it had been in the twenty-six years preceding 1620, before that discovery can be supposed to have produced its full effect. According to this account, the average price of middle wheat comes out to have been about thirty-two shillings the quarter of eight bushels."—*Wealth of Nations*, vol. i. chap. xi.

ferred to the excess of exportation which had been thus artificially encouraged.

It is not my intention to enter upon a discussion of the principle and policy of the bounty on the exportation of corn; I have only the following short remarks to make upon it, as connected with its effects on prices between 1715 and 1765.

For the reasons already given a few pages back, while there appear to be no sufficient grounds for the opinion of Dr. Adam Smith, that the bounty had the effect of raising the price in that interval there seems to be as little ground for ascribing to that measure such encouragement to an extension of cultivation, as to have had the effect of sensibly reducing the price. But there is a further difficulty in ascribing to the bounty the remarkable cheapness of that period, compared with the period immediately preceding, or succeeding, and that is, that a similar degree of relative cheapness prevailed in France, as will appear by the following statement, extracted from the Marquis Garnier's translation of Smith's "Wealth of Nations."

Prices of the Septier of Wheat in France, Paris Measure : —

Years.		Francs.	Cents.
1706 to	1715	29	5
1716	1725	17	1
1726	1735	15	46
1736	1745	18	80
1756	1765	17	64
1766	1775	28	5

This degree of cheapness, be it observed, took place under a system of corn laws, the very reverse of that which prevailed in this country, the exportation thence being absolutely prohibited. Accordingly, while the low prices in this country were, by the advocates for the bounty, ascribed to our *encouragement* of exportation, a similar depression of prices in France was, by most French writers,

attributed to the *discouragement* of exportation, and to the occasional encouragement of *importation*. So strong was the impression there that the low prices were occasioned by the restrictive regulations which prohibited, not only the exportation to foreign countries, but the free circulation from province to province, that in 1763 the government of France was induced to issue a declaration, allowing the free circulation of grain in the interior, and an edict in the following year granting a general liberty of export as well as of import, subject only to modification as to the price at which the export was to cease, viz. 12 livres 10 sous the quintal, equal to about 48s. the Winchester quarter. It might fairly then be asked, whether effects so exactly similar in the two countries can with any appearance of truth be ascribed to systems so exactly opposite.

Dr. Adam Smith has a remark to the same effect in the following passage : —

“ In France, till 1764, the exportation of grain was by law prohibited ; and it is somewhat difficult to suppose, that nearly the same diminution of price which took place in one country, notwithstanding this prohibition, should in another be owing to the extraordinary encouragement given to exportation.” — Vol. i. chap. xi.

There is reason to believe, that in France the same prevalence of favourable seasons, or rather, the comparative exemption from years of dearth, was experienced, although with some considerable exceptions, during the fifty years which are marked by such relative cheapness.

On the prevalence of a general similarity of seasons, allowing for differences of climate on the Continent of Europe within a certain latitude, are the following remarks, in the justness of which I concur, in a work entitled, “ On the Present State of England,” by J. Lowe. 1823.

“ The public, particularly the untravelled part of the public, are

hardly aware of the similarity of temperature prevailing throughout what may be called the corn country of Europe, we mean Great Britain, Ireland, the north of France, the Netherlands, Denmark, the north-west of Germany, and, in some measure, Poland, and the north-east of Germany. All this tract is situated between the 45th and 55th degrees of latitude, and subject, in a considerable degree, to the prevalence of similar winds. Neither the superabundance of rain which we experience in one summer, or its deficiency in another, are by any means confined to Great Britain and Ireland; while in winter both the intensity and duration of frost are always greater on the continent. Exceptions certainly exist in particular tracts; but in support of our general argument, we have merely to recall to those of our readers who are of an age to recollect the early part of the war, or who have attended to registers of temperature, the more remarkable seasons of the present age: thus, in 1794, the spring was prematurely warm on the continent, as in England: there, as with us, the summer of 1798 was dry, and that of 1799 wet: again, in 1811 the harvest was deficient throughout the north-west of Europe generally, from one and the same cause, blight; while that of 1816 was still more generally deficient, from rain and want of warmth. In regard to a more remote period, we mean the 17th and 18th centuries generally, if the temperature has not been so accurately noted, we find, from the coincidence in prices, that it is highly probable that there prevailed a great similarity in the weather of the continent; thus, in France, the latter years of the 17th century, the seasons of 1708 and 1709, as well as several of the seasons between 1764 and 1773, were as unpropitious, and attended with as great an advance of price, as in England." (Page 149.)

One of the most remarkable circumstances attending the state of things here described is, that while the price of corn had fallen so considerably, as we have seen, on a comparison with the preceding century, the price of labour in this country had risen.

Dr. Adam Smith, referring to this period, observes:—

"The money price of labour in Great Britain has risen during the present century. This, however, seems to be the effect, not so much of any diminution in the value of silver in the European market, as of an increase in the demand for labour in Great Britain, arising from the great, and almost universal, prosperity of the country. In France, a country not altogether so prosperous, the money price of labour has, since the middle of the last century, been observed to sink gradually

with the average money price of corn. Both in the last century and the present, the day wages of common labour are said to have been pretty uniformly about the twentieth part of the average price of the septier of wheat, a measure which contains a little more than four Winchester bushels. In Great Britain, the real recompense of labour, it has already been shown the real quantities of the necessities and conveniences of life which are given to the labourer, has increased considerably during the course of the present century. The rise in its money price seems to have been the effect, not of any diminution of the value of silver in the general market of Europe, but of a rise in the real price of labour in the particular market of Great Britain, owing to the peculiarly happy circumstances of the country." — *Wealth of Nations*, vol. i. chap. xi.

According to Arthur Young, the average price of wheat was, for the whole of the 17th century, 38s. 2d. per Winchester quarter; and for the 66 years from 1701 to 1766, 32s. 1d., being a fall of 16 per cent; while the price of agricultural labour, which, on the average of the 17th century had been 10½d. per day, was, for 66 years ending in 1766, 12d., or a rise of 16 per cent.

The fact, indeed, of a rise of money wages in this country, coincidently with a fall in the price of corn during the long interval in question, rests on unquestionable authorities.

Dr. Adam Smith, in the passage quoted, considers the advance in the rate of wages as the consequence of an increased demand for labour, and the decline in the price of corn as a consequence of an increased value of silver. The utmost effect of the supplies of gold and silver since the discovery of the American mines had, in his opinion, (founded, as it should seem, chiefly, if not entirely, on the price of corn,) been felt somewhat before the middle of the 17th century. The Marquis Garnier, likewise, taking wheat for long periods as the measure for estimating the value of silver, came to the conclusion, that the utmost depreciation of it by the American mines had been produced about 1689; and he and other French writers,

who had made great researches on the subject, seem disposed to concur in the opinion entertained by Adam Smith, that, considering the price of wheat for a series of years of some length as the best measure of value, a rise in the value of silver was to be inferred by the fall in the price of wheat during the first 65 years of the last century. But without going into the general question of a measure of value, or of the connection between the price of corn and the price of labour, it may now be, it is to be presumed, considered as a conceded point, although still not without difficulty, that the money price of common day labour is a better criterion than corn, of the value of the precious metals.

According to this criterion, combined with the circumstance that many other important articles of consumption besides corn had risen, there can be little hesitation in coming to the conclusion, that the value of the precious metals was undergoing some depreciation through the whole of the 65 years of last century during which there had been so marked a fall in the price of provisions. And the fall and the low range of the price of corn, while money was undergoing, however slowly, a depreciation, prove how powerful must have been the depressing circumstances operating upon the price of corn, to be sufficient, not only to prevent a rise corresponding with the diminished value of silver, but to cause a tendency in an opposite direction. The tendency to a decline of prices through so large a portion of last century occurred too, notwithstanding an increase, although slow, of the population, and a change which was in progress to the use of a higher diet.

That this cheapness of corn was not owing to any decline or decay of trade, as might be inferred according to the doctrine which ascribes the variations of price to demand, might easily be shown by reference to the fact that, with the exception of the

short interval from 1739 to 1744*, the commerce of the country throughout the reign of George II., was according to the usual tests of tonnage, and exports and imports progressively increasing, although not so rapidly as in the subsequent reign.

It will appear by a reference to the following division of this work, "On the Effect of War on Prices," that whatever may have been the influence of war in other periods of our history, it had not the effect of raising prices during the intervals in which it prevailed in the period under consideration: and that the longer intervals of peace, during which the prices were higher than during the wars, cannot therefore be adduced as among the means of accounting for the low prices from 1700 to 1765.

The profound internal tranquillity which this country enjoyed during that interval (for the attempts in 1715 and 1745 in favour of the Stuart family were too feeble and too short-lived to be worth mentioning, as affecting the general state of internal peace and security,) may be considered as having had some influence when compared with the 17th century.

The civil wars which prevailed near the middle of the 17th century might, doubtless, be supposed to have interfered in some degree with tillage, although, for the reasons already stated, it should seem that the high prices of that interval were more owing to the seasons than to the civil war; and this is the more probable, because the same

* This exception is readily accounted for, partly by the effects of the war in which we were then engaged with France, and partly, as far, at least, as regards the amount of tonnage, by the prohibition against the export of corn; a prohibition which was in force during a part of that period, and which, of course, while it lasted, would cause a diminution of the tonnage usually employed in the transport of grain. The shipping required for the export of corn in the middle of last century must have formed no inconsiderable proportion of the whole of the tonnage employed in the trade of the kingdom.

relatively high prices prevailed in France during the middle of the 17th century as in this country. But admitting the disturbed state of the country to have contributed to the high range of prices which prevailed during the civil wars, these were at an end before 1650. And during the concluding 50 years of the 17th century, there was no such interruption of internal peace as could be supposed to interfere with the operations of husbandry, or the general inducements to cultivation.

If, then, the fall of prices in question cannot be accounted for by our corn laws, nor by the price of labour, nor by the state of the country in respect of population, of trade, of war or peace, or internal tranquillity, nor by any supposed increase of the value of silver, we have to seek for some cause more distinctly affecting the production of corn.

It is universally admitted, however, that no single cause affects the production of corn in respect of quantity from year to year, so much as the difference of the seasons; and the variation of price from this cause, is, as we have had occasion to observe, in a ratio much beyond the difference of quantity. The only difficulty therefore which attends the supposition of the seasons having had the principal influence in producing the cheapness of provisions in the period alluded to of last century, is in the length of time to which the operation of that cause is assigned. It has been assumed, most arbitrarily, that the differences of seasons, in their influence on the production of corn, must be equalised within certain periods, limited to suit some particular conclusion. And by such reasoners, the idea of any important difference in the produce, and the still greater difference in the price, in a period of 20, or even of 10 years, as compared with an equal period immediately preceding or following, is treated superciliously as a perfectly gratuitous hypothesis. Now, it will be for the reader to judge,

whether there is not, from such historical evidence as the nature of the subject admits of, combined with inferences from variations of price from year to year, the strongest possible ground of presumption, that the period of 50 years from 1715 to 1765, was characterised by a marked exemption from seasons of scarcity, compared with the 50 years preceding.*

If the fact of such comparative exemption be allowed, there can be no difficulty in considering it as sufficient to account for the greatest part, if not for the whole, of the relative cheapness of that period. If in the 50 years, instead of only 5 years of recorded scarcity, there had been upwards of 20 years, it is perfectly clear that the produce must have been much less, and the price much higher. The difference in respect of the quantity of produce, is equivalent to a difference in the average fertility of the soil during the period. A comparative frequent recurrence of bad seasons affords a less produce for the same labour and capital, and therefore resolves itself, during the preponderance of that description of seasons, into an increased cost of production.

* In this view of the effect of the seasons, more stress has been laid on the exemption from those of marked scarcity than on the prevalence of those of more than ordinary produce. Not but that there appear to be strong grounds for inferring the greater than usual prevalence of plentiful seasons in the period here referred to ; but, because the grounds for such inference do not admit of being so well made out. A very deficient harvest, by the privations which it entails on the bulk of the community, inevitably attracts general notice, and is in many, if not in most, instances the subject of historical notice ; besides that, in instances of deficiency short of dearth, the suddenness of the rise of price may afford strong grounds of inference as to the cause. Whereas the indications of a superabundant harvest are not always immediately manifest. The fact of excess of produce may, and commonly does, escape immediate notice, and is known only in its ultimate effects upon price, which are comparatively slow, however sure to follow.

The comparative exemption from adverse seasons would consequently be equivalent, during the period to which it applied, to a diminished cost of production; and would thus, with the aid of the bounty, prevent the throwing of land out of cultivation, or even might admit of an extended tillage, notwithstanding the fall and low range of prices observable in this period.*

This long period of great abundance, and consequent cheapness of the prices of provisions, was one which appears to have been attended with a great improvement in the condition and habits of the great bulk of the population. In the passage already quoted from Adam Smith, he refers to "the peculiarly happy circumstances of the country" during that period, and Mr. Hallam, in his "Constitutional History," describes the reign of George II. as "the most prosperous period that England had ever experienced." The author of the Corn Tracts, writing in 1765, observes, that "bread made of wheat is become more generally the food of the labouring people." This resort to a higher diet is a most indisputable sign of the improvement of their condition. The great command which the labouring classes possessed over the necessaries of life during that interval, might, according to the received theory of population, be expected to have been attended with an accelerated ratio of increase of numbers. But, according to the best evidence of the progress of population in this country, the ratio of increase during the long interval under

* There is at the same time a consideration which may have some weight in aid of the influence of a series of plentiful years in reducing the cost of production, and thus admitting of keeping up or extending the cultivation — I mean the very low rate of interest which prevailed through the reigns of George I. and II., and which would render the outlay of capital on land remunerative with smaller returns, than when the rate of interest was, as it had previously and has since been, so much higher.

consideration, was much slower than it has been since, under circumstances of diminished command of necessaries by the labouring classes. Mr. Malthus seems to have been struck by the apparent anomaly, and gives the following explanation of it in his work entitled, "Principles of Political Economy, considered with a View to their practical Application," p. 255. :—

"It is well known that during this period the price of corn fell considerably, while the wages of labour are stated to have risen. During the last forty years of the 17th century, and the first twenty of the 18th, the average price of corn was such, as, compared with the wages of labour, would enable the labourer to purchase with a day's earnings two thirds of a peck of wheat. From 1720 to 1750 the price of wheat had so fallen, while wages had risen, that instead of two thirds, the labourer could purchase the whole of a peck of wheat with a day's labour.

This great increase of command over the necessaries of life did not, however, produce a proportionate increase of population. It found the people of this country living under an excellent government, and enjoying all the advantages of civil and political liberty in an unusual degree. The lower classes of people had been in the habit of being respected, both by the laws and the higher orders of their fellow-citizens, and had learned, in consequence, to respect themselves: and the result was, that, instead of an increase of population exclusively, a considerable portion of their increased real wages was expended in a marked improvement of the quality of the food consumed, and a decided elevation in the standard of their comforts and conveniences."

The solution here given is apparently just. But the fact itself speaks volumes against the theory by which the partisans, whether of depreciation or of corn monopoly, seek to connect a high price of provisions with a state of public prosperity; and it equally militates against the theory of demand, which, as will be seen in the next section, attempts to explain the sudden rise of prices following this long interval of cheapness, by the hypothesis of a sudden increase of consumption.

Section 4. — 1765 to 1775.

The change which dates from 1765 in the prices of provisions from cheapness to dearth, and in the corn trade from a regular exportation to a preponderance of importation, has been the subject of general remark, and has given rise, as usual, on occasions of great change, to controversy as to the causes of it. The same change from cheapness to dearth occurred coincidently through the rest of Europe; and this dearness, like the preceding cheapness, was referred to the most contradictory causes. In France it was ascribed to the recent permission of export, at the same time that, in this country, it was attributed to the occasional prohibitions of export and suspensions of the restrictions of import, such prohibitions and suspensions being argued to operate as a discouragement of tillage; not to mention the clamours which were then universally prevalent against the supposed improper practices of farmers, millers, and bakers, in raising and keeping up prices.

The most plausible of the reasons among the numerous ones which have been advanced for the great rise was the supposition of a fall in the value of silver. A considerable increase in the produce of the American mines is noticed by Humboldt and other writers, to have taken place in the middle of last century, and more especially about the year 1770.* But the influence of this cause, if to be traced at all, which appears to be doubtful, must have been very gradual, and scarcely perceptible; and it could not come into operation at all so as to affect prices in Europe, till after all the phenomena of the high prices now under consideration had occurred; at any rate, it would not

* See Mr. Jacob's valuable Treatise, entitled "Inquiry into the Precious Metals," vol. ii. p. 154.

account for so sudden a rise as took place in 1766, and still less would it account for so great and sudden a transition from a large export to a large import of grain, as took place between 1765 and 1775.

But another mode of accounting for the phenomena in question has of late years become more general. The very able and well-informed writer of an article in the supplement to the "Encyclopædia Britannica" on the Corn Laws and the Corn Trade, gives the following explanation of the change :—

"After the peace of Paris in 1763, the national improvement was prodigiously accelerated. The extension of industry caused by the acquisition of new branches of commerce, by the increase of our colonial possessions, and, perhaps, more than all the rest, by the introduction of improved machinery into the cotton manufactories, was followed by a sudden increase of the population, and, as importation was prohibited, by a corresponding rise of prices."

And the late Sir Edward West, the distinguished author of an "Essay on the Application of Capital to Land," in a subsequent "Essay on the Price of Corn," referring to the rise of price between 1765 and 1775, says :—

"The true cause of this rise of price, in all probability, was the increasing population, and the increased cost of providing the additional produce for that increasing population, according to the principle which I have endeavoured to explain in my former publication. This opinion is confirmed by the fact of the very great increase of the population between the years 1760 and 1780. On reference to Mr. Rickman's Preliminary Observations to the Population Abstract, it will be found that the population increased at a rate far more rapid during this interval than at any former period. At about the same period; too—namely, between 1766 and 1773, our imports of corn began to exceed our exports, and we have since been a regularly importing instead of an exporting country."

The opinion to this effect has become very general, constituting a theory which refers the principal phenomena of the prices of corn to difference

of demand or consumption, neglecting or treating as subordinate any variations of supply ; but it is a theory which will be found to be constructed on a supposition of facts which did not exist, and to be irreconcilable with those which will be shown to have existed in the clear relation of cause and effect.

That a prosperous state of manufactures and trade, and a generally flourishing condition of the country, accompanied by an increasing population employed at full and increasing wages, would have a tendency to increase the consumption, and that the effect of a continued increase of consumption, under a given state of supply, would be to raise prices, diminishing the exportable surplus in the first instance, and forcing eventually a resort to fresh soils at an increased cost, or to an importation in as far as permitted, may readily be allowed.

But an increase of population, even in its most accelerated progress, and allowing for the utmost possible difference between a full and restricted consumption, cannot operate *per saltum*. And supposing even that the assumed increase of consumption had not been accompanied and in a great degree compensated by a coincident improvement and extension of cultivation, it would not account for the enormous difference between an export in 1763 and 1764 of 820,000 quarters of wheat, and an import in 1767 and 1768 of 830,000 quarters ; the whole annual consumption of wheat at that period not being estimated at more than about 4,000,000 of quarters. Still less would it account for so great and sudden an increase of price, as from 33s. 2½d. at Ladyday, 1763, to 58s. 8d. at Michaelmas, 1767.

There is, however, reason to believe that there was not only no increase of consumption to account for that rise of price and transition from export to import, but that the rise of price was required to limit, and did limit, the consumption

below its former rate, and was further required to induce a foreign supply to make good the deficiencies of our own growth.

The reason for supposing that the consumption was diminished instead of having been increased, compared with what it had been in the period immediately preceding, is, that the rise of wages did not precede, but follow, very inadequately, the rise in the price of provisions.

Arthur Young* states, as the general result of the information obtained by him in his extensive agricultural tour in 1767, 1768, and 1770, that the mean rate of wages for the whole year was 7*s.* 4½*d.* per week. Taking an average of the five years, from 1766 to 1770 inclusive, the price of the quarter of wheat was 47*s.* 8*d.*, or nearly 48*s.*, which would be 6*s.* the bushel, and 1*s.* 6*d.* the peck. At these prices of labour and wheat, the earnings of the labourer would be somewhat under five sixths of a peck. Now, in 1763, and for 30 years before, his wages had been 7*s.*† a week, and the average price of wheat in the 5 years ending in 1763 being 33*s.* 1½*d.*, his daily earnings would be equal to very nearly a peck of wheat. And if the price of wheat be taken at the average of 20 years preceding 1755, it would appear that he then earned somewhat upwards of a peck. It is difficult, therefore, to conceive that earning so much less wheat in 1767, he should have consumed more than in 1763. But if, from diminished command of necessaries, the inference were not clear against the supposition of an increased consumption, there is sufficient presumption, from the contrast between the contented state of the population in the interval from 1720 to 1755, and the disturbed and insurrectionary state of it between 1765

* Annals of Agriculture, No. 271. p. 215.

† Malthus, Political Economy, p. 279. Arthur Young, Progressive Value of Money, p. 90.

and 1775, of their being fully fed in the former interval, and under-fed in the latter.

There is, moreover, a further objection to the theory which supposes a direct and observable influence of the alternations of prosperous or declining trade, on the prices of provisions, that the supposed coincidence is, as will be seen, not borne out by facts.

Dr. Adam Smith, in the following passage, refers, in my opinion, to the right cause. At the same time I would observe upon this passage, that inasmuch as the ten or twelve bad seasons account, in his opinion, for the range of high prices without inferring a diminished value of silver, the ten years of extraordinary plenty, to which he refers, might be considered as accounting for the low prices without inferring as he has done an increased value of silver.

“ The high price of corn during these ten or twelve years past, indeed, has occasioned a suspicion that the real value of silver still continues to fall in the European market. This high price of corn, however, seems evidently to have been the effect of the extraordinary unfavourableness of the seasons, and ought therefore to be regarded not as a permanent, but as a transitory and occasional event. The seasons for these ten or twelve years past have been unfavourable through the greater part of Europe ; and the disorders of Poland have very much increased the scarcity in all those countries, which in dear years used to be supplied from that market. So long a course of bad seasons, though not a very common event, is by no means a singular one ; and whoever has inquired much into the history of the prices of corn in former times will be at no loss to recollect several other examples of the same kind. Ten years of extraordinary scarcity, besides, are not more wonderful than ten years of extraordinary plenty. The low price of corn from 1741 to 1750, both inclusive, may very well be set in opposition to its high price during the last eight or ten years.” (Vol. i. p. 310. 3d ed.)

Of the prevalence of a series of bad seasons, or, at least, of the very frequent recurrence of them in this country, and in a still greater degree, perhaps, in the rest of Europe, in the interval between 1764 and 1775, there can be no reasonable doubt.

The price rose considerably after the harvest of 1764, viz. to 44*s.* 5*d.* at Michaelmas, and 49*s.* 9*d.* at Lady-day following. This rise might be occasioned by a moderate degree of deficiency, there being, probably, little or no surplus in consequence of the very large exportation, which, in 1764, amounted to no less than 396,857 quarters of wheat. The season of 1766, and some of the effects of the deficient crops of the harvest of that year, are thus described by Collinson : —

“ London, September 25. 1766.

“ We have had a most uncommon rainy summer, which was no way propitious to the growth of wheat ; but it pleased Providence to send us the finest hot and dry harvest ever known, yet the warm constant rains drew up the wheat so much to stalk, that the ears are very light. I hope there will be sufficient to support the nation, now we have prudently stopped the exportation ; for so great are the wants, and the demand for foreign markets was so great and so pressing, that it advanced the price so considerably as to occasion insurrections in many parts of the kingdom, to stop by force the corn from being exported ; but now a proclamation is come out to prevent it, I hope all will be quiet again.”

The letters of Collinson are discontinued after the winter of that year ; but the following details, extracted from the Annual Register, will, it is presumed, afford sufficient evidence of severe and long-continued dearths : —

In 1766, the quartern loaf in London was, at one time, as high as 1*s.* 6*d.* Addresses were sent from different parts of the kingdom, stating the general distress of the people. A proclamation was issued in September to suspend the exportation, and enforce the laws against forestallers and regraters ; and the speech from the throne on the meeting of parliament in November of that year began in the following terms : —

“ The high price of wheat, and the defective produce of that grain last harvest, together with the extraordinary demands for the same from foreign parts, have principally determined me to

call you thus early together, that I might have the sense of parliament as soon as conveniently might be, on a matter so important, and particularly affecting the poorer sort of my subjects."

The harvest of 1767 appears to have been deficient in a still greater degree.* The price at Michaelmas, 1767, rose to 58*s.* 8*d.*; and although the exportation was prohibited for another year, it continued high till the following harvest, which, with that of 1769, may be inferred to have been of ordinary produce, inasmuch as the prices gradually gave way, and in the latter year got down to 40*s.* But although the privilege of export under a bounty was restored, the exportation was trifling.

The five years from 1770 to 1774, both years included, were attended with unproductive harvests. The dearth arising from them caused considerable distress, and consequent commotions among the people, and uneasiness on the part of government. In the year 1770, an act passed, empowering justices, at the quarter sessions, to order returns of the prices of grain; and the returns thus obtained formed the materials for the average prices, thenceforward periodically published. The exportation was again prohibited in that and the following year.†

* Such was the severity of the sufferings of the people from the dearth of provisions, that serious disturbances broke out, and prevailed with greater or less violence over the greater part of the kingdom. Much mischief was done; and many lives were lost in different places. The military were called out, and the gaols filled with prisoners, for the trial of whom a special commission was issued.

The king in his speech on the meeting of parliament in November, 1767, referred to the continued scarcity in the following terms:—

"Among the objects of a domestic nature, none can demand more speedy, or serious attention, than what regards the high price of corn, which neither the salutary laws passed in the last session of parliament, nor the produce of the late harvest, have been able so far to reduce as to give sufficient relief to the distresses of the poorer sort of my people."

† "The lord mayor ordered the meal-weighers to stick up in a conspicuous place, in the corn-market, in Mark Lane, the quan-

In 1772, importation was allowed duty free, to the 1st May, 1773. In 1773, the city of London offered a bounty of 4s. for 20,000 quarters of wheat, to be imported between March and June.

These were all indications of scarcity, and of alarm arising from it, not to be mistaken.

Mr. Arbuthnot, a contemporary writer, remarked, in 1773, "that we had had five successive bad crops, and this last more generally so than any of the former; that it had been nearly the same all over Europe; and, therefore, till there was a plentiful year, corn could not be cheap." He conceived that no effectual measure could be taken to prevent the recurrence of scarcity till this event happened, and till wheat was nearly the same price all over Europe.

It is said by this author, that by accounts laid before parliament at this time, the yearly produce of wheat alone was calculated to be four millions of quarters, which he believed to be short of the reality.*

It was in consequence of this state of things that the opponents of the corn law, as it then existed, succeeded in carrying a fresh act in 1773, by which importation was allowed at a duty of 6*d.* per quarter, when the price of wheat was at, or above, 48*s.* per quarter, and the bounty and exportation together were to cease when the price was at, or above, 44*s.* The importation and exportation, and bounty for other grain, in their relative proportions to wheat.

titles and prices of wheat sold, and the names of the buyers."—*Comber on National Subsistence*, p. 167.

The following extract from the Annual Register will shew that the scarcity extended to Ireland:—

"Dublin, May 4. 1771.

"We have cause of complaint of the dearness of provisions as well as the English; prime pieces of beef and mutton are here 6*d.* per pound, lamb 8*d.*, veal 7*d.*, and butter 10*d.*"

* *Comber*, p. 168.

The year 1774* was equally adverse with the preceding season. And indisputable proofs exist

* In the Transactions of the Royal Society, vol. lxxvi. p. 240., is a paper entitled "On the Variations of the Seasons, from Observations at Lyndon by Mr. Barker." And as it refers to the period now under consideration, a copy of it is here inserted.

"On the Variations of the Seasons."

"Measuring the rain for a few years will not show completely the general quantity of rain which falls in any place; for there is a very great difference at different periods of time. If I had measured the rain at Lyndon only in the four years, 1740, 1741, 1742, 1743, the mean would have been found to be only $16\frac{1}{2}$ inches in the year, yet they were not at all complained of as dry summers. 1740 was cold and dry till July 30.; 1741 was cold and dry; the summer hot, dry, and burning, till the beginning of September; then ten days wet, and very warm again, being the finest autumn for grass ever known. 1742 was a showery summer, and 1743 wet in the middle; but then the winters were dry; so that the quantity of rain on the whole was small. 1741 to 1750, the mean was $18\frac{1}{2}$ inches. 1741 and 1750 were hot, dry and burning, 1750 being the hottest year I have known. The intermediate years were neither very wet nor very dry; and this was the most plentiful and cheapest time for corn of any ten years I remember; for grain oftener fails in England from too much wet than from too little. 1751 to 1760, the mean year was $22\frac{1}{4}$. 1760 was hot, dry, and burning; but several of the summers were wet, and not so plentiful. Three wet summers together, — 1754, 1755, and 1756, — were a time of scarcity, and we have had more failing crops since that time than before it. From 1761 to 1770 there was $23\frac{1}{2}$ in a year. 1762 was hot, dry, and burning, and 1765 cold and dry; but several years were wet—1763 and 1768 remarkably so; and of those ten several had failing crops, and some had great snows. There was a great change of the seasons at 1763; for I have had more rain since that time than I had before it, in the proportion of five to four. From 1770 to 1780 there was at a mean 26 inches. 1771 was dry, and 1778 and 1779 were hot, yet not without fits of rain; and most of the other years were wet, and some great snows. 1773, 1774, and 1775 were so wet that there came 32 inches in a year, which is nearly double what there was from 1740 to 1743. In twelve months from October, 1773, to September, 1774, there came 39.390 inches of rain, which is a Lancashire year. And in one month, September, 1774, there was 8 inches; this was in barley and pease harvest, and for three weeks together not a load could be carried. By the above state of the case it appears that for four

of the scarcity arising from that and the preceding season, inasmuch as the importations were, in

Years.		Qrs. of Wheat.	Including all other Grain.
1774	- -	269,235	803,844
1775	- -	544,641	1,039,122

When these quantities, and the equally large importations of 1767 and 1768, are considered with reference to the total estimated produce at that period, and with reference also to the very large surplus which the seasons immediately preceding had yielded for exportation at low prices, some conception may be formed of the enormous difference of the productiveness of the crops; but the conception would be inadequate, unless allowance were made for an excess above an average in the one case much beyond the mere quantity exported, and in the other for a deficiency greater than the quantity imported.

The average price from the Eton tables of ten years, from 1755 to 1764, was 37*s.* 6*d.*; and of ten years, from 1765 to 1774, was 51*s.*; being a rise of upwards of 35 per cent.; but the ten years ending in 1764 comprise two seasons, viz., 1756 and 1757, of bad, and one, viz., 1764, of indifferent produce. If we compare the ten years ending in 1774 with a series of ten good seasons, such as from 1742 to 1751, the difference will be more striking: —

	<i>s.</i>	<i>d.</i>
10 years, ending 1751, average	29	2
10 years, ending 1774	51	0

successive periods of ten years, the quantity of rain has been increasing each time." (Philosophical Transactions, vol. lxxv. p. 240.)

And in another paper Mr. Barker writes: —

"In four years, 1740, 1741, 1742, 1743, there came but 66·361 of rain. In the four years, 1772, 1773, 1774, 1775, there was 124·957, which is nearly twice as much."

The advance therefore in the ten years ending 1774 was 75 per cent. upon the price for the ten years ending in 1751* ; the cheap period, be it observed, embracing five years of war, accompanied by large loans, while the dear period was one of universal peace. It may be worth while too, with a view of having some notion, however imperfect, of the difference of produce in these two periods, to contrast the aggregate quantity exported in the one with the balance of importation in the other.

Balance of <i>Exports</i> .		
Years.	Wheat.	Grain of all Kinds.
1742 to 1751 - -	4,700,509 qrs.	8,869,190 qrs.
Balance of <i>Imports</i> .		
1766 to 1775 - -	1,363,149 qrs.	3,782,734 qrs.

It is true that the population had increased greatly during the interval ; but so likewise had the extent of cultivation. The numbers of acts of inclosure had been,

In the reign of George I.	-	-	-	-	16
George II.	-	-	-	-	226
And in the first fifteen years of George III., viz. from					
1760 to 1775	-	-	-	-	734

The probability, therefore, is that the increased extent of cultivation had nearly, if not quite, kept pace with the increase of the population : besides that there is every reason to believe that improvements in the mode of cultivation, although not so great as those which have been strikingly observable of late years, must have been more or less in progress during the above-mentioned period.

The whole interval from 1765 to 1775, in which there was so frequent a recurrence of seasons of

*. It is probable that if in the period of dearth from 1765 to 1775, the practice had prevailed which was introduced twenty years later, of making up for deficiency of wages by parish allowance, the prices would have been still higher.

scarcity in this country. was marked by dearths of equal, if not greater severity, on the continent of Europe. Reference to the inclemency of some of the winters, and to the cold, wet, and stormy character of the summers, are to be met with in the published correspondence of several French writers of that period. But it will be sufficient for the present purpose to refer to the following passages from the "Annual Register :"—

" 1767. The irregularity and inclemency of the seasons for some years past in different parts of Europe has occasioned an uncertainty and great deficiency in the crops of several countries, by which the poor have suffered great distresses. The Ecclesiastical State, and some other parts of Italy, have been severely affected by this calamity. England, which usually supplied its neighbours with such immense quantities of grain, and allowed a considerable bounty on the exportation of it, has been a sufferer from the same cause, and it has required the utmost attention of the legislature to guard against and prevent the dreadful consequences attending it.

" 1768. The badness of the late harvest in France had occasioned provisions of all sorts to bear an immoderate price ; and corn, in particular, was not only very dear, but, in general, very bad, and the bread, consequently, disagreeable and unwholesome. The distresses of the people were excessive, and their complaints and murmurings became universal. In such situations, all the world fancy themselves ingenious in finding out the causes of public calamities ; and if any novelties have been introduced, they always come in for a great share of popular odium. It was so upon this occasion ; and, without any regard to the influence of seasons, or to the will of Heaven, the miseries of the people were attributed to the edicts which the king had passed some time ago, for the free importation and exportation of corn in all the ports, and an unlimited circulation of it through all the interior parts of the kingdom.

" 1770. A scarcity of provisions prevailed in France. The distresses of the people were this year so excessive, that it is said 4000 persons perished by famine in Limousin and the Marche only ; and in Normandy, the most fruitful province of France, barley bread sold at above 2*d.* a pound. This misery produced numberless riots and insurrections in different parts, in which much mischief was done, and many lives lost.

" Berlin, April 13. 1771. The present severity and extreme rigour of the weather is so very remarkable, that the oldest people here do not remember to have seen or heard the like ; for it still continues to freeze every night as in the middle of

winter, and a great quantity of snow lies on the ground, which so distresses the poor inhabitants of the country, that the most melancholy accounts are daily received of the misery and wretchedness occasioned by this dreadful calamity.

“Frankfort, April 7. 1771. The want of provisions is very great, both here and in the circle of Swabia. Our magistrates distribute bread to the poor gratis, and those of Nuremberg do the same. In Bavaria, bread is at an excessive high price.

“1773. The dearth which has so long afflicted different parts of Europe has this year been grievously felt in several countries. Germany, Bohemia, and Sweden have presented scenes of the greatest calamity, and multitudes have perished in that miserable extremity of wanting the plainest and most common necessaries of life. France, though in a lesser degree, has been a considerable sharer in this misfortune; and the distresses of the people have occasioned riots and disturbances in several of the provinces. Nor has the taking off of the bounty on exportation in England, with all the other measures that have been adopted to answer the same purpose, been sufficient to remedy the evils proceeding from inclement skies, and unusual seasons.

“1775. The distresses of the people, owing to the scarcity and dearth of corn in France, threw that kingdom into an uncommon state of disturbance and commotion during a great part of the spring and summer. Bread in several places could not be procured for money; and the beggars are said to have refused the latter, whilst they rent the air with cries for the former; so that gold was no longer a security against want. This distress was the more irremediable, as other nations were not abundantly supplied. The scarcity of corn in England not only cut off that resource, but diverted a still greater by the immense quantities which it drew from the American colonies.” (After enumerating instances of violence, the account proceeds.) “In the mean time no means were left untried by the government, either to quell these disturbances, or to alleviate their cause. Troops were stationed to protect the markets, and the roads and rivers by which they were supplied; great companies of the burghers were armed for the same purpose. The king granted a considerable bounty on the importation of corn. The public disorders, notwithstanding all these measures, increased to so alarming a degree, as at length to excite apprehensions of a general insurrection, and to make it appear necessary to call in the troops from the frontiers to the centre of the kingdom; so that the Isle of France, with some other of the interior provinces, were, in a manner, surrounded and intersected with lines of armed men. It at length pleased Providence that a most plentiful harvest removed the distresses of the people, both in France and most other parts of Europe.”

Section 5. — 1775 to 1793.

The seasons immediately following that of 1774, and comprised within the interval terminating in 1792, appear to have been irregular, but not characterised by such a preponderance of the proportion of inclement and unproductive seasons as occurred between 1765 and 1774.

The harvest of 1775 is described at the close of the extracts from the "Annual Register" which have been referred to, as having been plentiful in France and most other parts of Europe. And accordingly, immediately after the harvest, the price which at Lady-day, 1775, had been 59s. 1 $\frac{1}{4}$ d., fell to 43s. 7d. at Michaelmas, and continued at about that rate till the harvest of 1777, when the price rose to 51s. 7d. In the mean time there had been a balance of export in 1776 of about 200,000 quarters of wheat; while in 1777 there was an importation of a like quantity.

The seasons of 1778 and 1779 were favourable, and were followed by a considerable fall of prices, the decline having been from 51s. 7d., the quotation of the Windsor market at Michaelmas 1777, to 35s. 7d. at Michaelmas 1779.

In the "Farmer's Magazine," vol. ii. p. 139., is the following reference to the season of 1779:—

"Suppose a season of great fertility, such as the ever memorable year 1779, when the crop was one fourth above a medium crop."

This transition to abundance, after a long period of dearth, was attended, as is usual on such occasions, with stagnation and declining prices, and a general depression of the landed interest, or what is more familiarly known under the designation of "agricultural distress."

In the "Annals of Agriculture," vol. xxv. p. 460., is the following description in the extract

of a letter written by Arthur Young, in 1780, of the fall of prices and consequent distress at the period referred to :—

“ In the years 1776, 1777, prices fell considerably; and, in 1779, so low, that very general complaints have been heard of ruined farmers, and distressed landlords; and at the time I am now writing, the fact holds that there is a considerable fall in all products, and great numbers of farmers ruined. I have the prices of wool for forty years now before me, and that which from 1758 to 1767 was from 18*s.* to 21*s.* a tod, is for 1779 only 12*s.*, and was in 1778 but 14*s.* We must go back to 1754 to find a year so low as the last. Wheat and all sorts of grain are greatly fallen.”

The decline of prices here noticed has, by the theory which accounted for the previous rise as the effect of an increased consumption arising from a prosperous state of trade, been ascribed to a diminished consumption occasioned by a dull and declining trade. But as the state of trade, judging not only from exports and imports, but from the best authenticated contemporary accounts, was still declining in the three following years, being the concluding ones of the American war, viz. from 1780 to 1784, the supposed diminished consumption ought to have had the effect of further depressing, or, at all events, of keeping down the price, instead of which there was a considerable rise. For instance—

			<i>s.</i>	<i>d.</i>
1779	-	-	- 36	3
1780	-	-	- 43	1½
1781	-	-	- 52	5

Of the seasons of 1780 and 1781, I have not met with any particular notice* ; but that of 1782 is recorded as having been very unfavourable.

* As far as can be inferred from a reference to the Lady-day and Michaelmas prices, it should seem that the produce of 1780 must have been considered to be deficient, inasmuch as the price of wheat, which, at Lady-day 1780, had been 38*s.* 3*d.*, rose, at Michaelmas, to 48*s.*, and at Lady-day, 1781, to 56*s.* 11*d.* The price declined near 10*s.* the quarter after the harvest of 1781, which may therefore be presumed to have been considered as moderately good.

In Scotland the weather during the whole of that year was as inclement as the season of 1799 afterwards proved to be; and in the "Farmers' Magazine" for 1800, there is a minute description of the similarity in point of weather of those two years. In the rest of the island there was a deficiency of produce, although not to so great a degree as in Scotland. A winter of great severity followed, prices rose considerably, and a large importation of corn took place in 1783.

As an example of the great and sudden alteration of prices occasionally arising from the occurrence of even a single bad season, when there is not, as there appears not to have been in this instance, a large stock on hand, I subjoin an extract from the "Annals of Agriculture," vol. iii. p. 366., of a communication from Mr. William Pitt, dated Pendeford, April 4. 1785, entitled

" CONTRASTS."

The following contrast of effects arising from dissimilar seasons, now so recent, may perhaps appear striking in some future succession of regular seasons; and, as it will not take up much room, may be worth preserving from oblivion, by registering it in the Annals of Agriculture. I doubt not but yourself and many others can recollect circumstances more remarkable: the following have come under my own immediate observation:—

Winter succeeding the Harvest of 1781.			Winter succeeding the Harvest of 1782.		
£ s. d.			£ s. d.		
Barley of the best quality sold in the markets of Staffordshire, our customary bushel of 9½ gallons, down to	0	2 9	Barley of the same quality sold in the same markets, same measure, common price, per bushel, 7s. to	- 0	7 2
Wheat, immediately after the harvest, clean for seed, the above measure per bushel -	0	5 0	Wheat of the best quality, same measure, per bushel, 10s. to	0	10 6

Spring Season, 1782.
Bought sixty bushels of
Dutch oats for seed,

Spring, 1783.
Sold out of the product
oats that had lain a

	£	s.	d.		£	s.	d.		
delivered at home, per bushel - - -	0	1	8	month in the wet, and so damaged in the stack by rain during making and carrying in bad order, that they moulded and grew together, per bushel	0	3	6		
A friend of mine sold clover seed of a good quality at the common market price, which was per cwt.	1	11	6	Bought again clover seed of the same quality for his own sowing, at per cwt.	-	5	10	0	
1782. Bought Worcestershire hops, of excellent quality, at per cwt. - - -	-	2	2	0	1784. Hops inferior in quality to the opposite, bought at per cwt. - - -	-	5	12	0

The season of 1783, although not so unfavourable as the preceding, seems not to have been a productive one. It was followed by two severe winters; and the spring and summer of 1784 were cold and ungenial.

The effect of so frequent a recurrence of winters of great severity was felt in a comparative scarcity and high price of animal food; and this description of dearth induced the Corporation of London, in 1786, to appoint a committee for the purpose of inquiring into the causes of the high price of provisions. The first resolution of the committee in their report is sagely couched in the following terms:—

“Resolved, That it appears to your committee, from the three different papers mentioned in the evidence of Mr. Montague, principal clerk in the Chamberlain’s office, and Mr. Tomlinson, receiver of the tolls in Smithfield market, containing an account of the number of cattle and sheep brought into the said market during the last thirty-six years, that from the year 1732 to 1778, the same had annually increased in a very considerable degree; and that there has been a greater increase from 1778 to 1783; but the decrease that has happened during the years 1784 and 1785, we are of opinion, from the evidence that has been laid before us, arises from the pernicious system of forestalling in the vicinity of this metropolis.”

The committee likewise attacked the prevailing

tendency to new enclosures, as one of the concurrent causes. I should not have noticed this strange document, but for the following information which the inquiry brought forth. The magistrates of Sunderland, in answer to the inquiries, write —

“ For the last three years we have had two very dry summers, and three very severe winters, which caused much destruction among sheep and lambs in the spring, and occasioned a great consumption of all kinds of fodder ; and even great quantities of oats were used after hay, straw, and turnips were eaten up.”

There are other answers to a similar purport : I shall only further extract the concluding part of one from Arthur Young, dated August, 1786 :—

“ Last winter hay, straw, and fodder of all kinds were scarcer and dearer than ever known in this kingdom. Severe frosts destroyed the turnips and cattle of all kinds, and sheep suffered dreadfully ; many died, and the rest were in ill plight to fatten early in this summer.”

The seasons of 1785 and 1786 seem to have been attended with an ordinary produce of the wheat crops, and prices fell within the rate at which the bounty on exportation attached. There was accordingly a balance of export of wheat.

The average price of the Years

			s.
1782, 1783, 1784	-	-	was 54
1785, 1786, 1787	-	-	44

Now it is very well known that there was an amazing burst of prosperity in the three latter, as compared with the three former years, which had been marked by great commercial and financial difficulties, and by a great contraction of the circulation, and yet we see a fall in the price of 10s. per quarter in the latter period. This fall is readily ascribed to the difference of seasons ; but had the effect of the seasons been reversed, the low prices of 1782, 1783, and 1784, would, according to the theory of demand, have been ascribed to the declining, and the high prices of 1785, 1786, and 1787, to the prosperous, state of trade, with just as much reason as there is for the supposition that the

low prices of 1777, 1778, and 1779 were caused by the dull state of trade, as compared with the preceding period of high prices.

The winter of 1788-9 was again a very severe one, and followed by a backward spring. The crops of 1789 were considered to be deficient in this country ; and as they had failed in a still greater degree abroad, it was apprehended that an exportation, if allowed, might entail a dearth. There was consequently, after an inquiry by the Board of Trade, as to the result of the harvest of 1789, and upon information received of scarcity and very high prices abroad, as well as of a deficiency of our own crop of wheat, an order in council issued in December, 1789, prohibiting the export, and allowing importation duty free for a time limited. This order was confirmed by an act passed in the session of 1790.

As a consequence of the deficient harvest of 1789, the price which at Michaelmas, 1788, had been 48s., rose at Michaelmas, 1789, to 57s.; and had it not been for the prohibition of exportation, it would have risen much more, because in France the scarcity was such as to amount almost to a famine, and the government of that country, then under the administration of M. Necker, expended very large sums in procuring corn from abroad. In proof of the effect produced by those purchases on the general prices of Europe, of which those of Holland may be considered to have been at that time the best criterion, it may be observed, that the price of wheat at Amsterdam rose in 1789 to between 60s. and 70s. the quarter. Our bullion price accordingly was below the bullion prices of Europe in that year.

The summer of 1790 was wet, and the prices ranged high, so as to induce a large importation, the ports being open at the low duty of 6*d.* per quarter. At the close of the year the ports were shut to importation, but opened again in the spring

following, thus affording a presumption that even with the aid of a considerable foreign supply, the produce of the preceding harvest had been below the consumption.

The season of 1791 is described in the "Annals of Agriculture," vol. xxiv. p. 321. as one of great abundance. And the produce of that harvest, following a large foreign supply, had the effect of reducing the price to 40s. 11d., and thus of closing the ports, which remained shut through the following year. But the low price was productive, as usual, of complaint on the part of the landed interest, and was the occasion of a fresh corn bill.*

The year 1792 is stated in the "Annals of Agriculture" to have been "remarkable for an extremely wet summer, by which the crop of wheat was much injured every where." This inferiority of the harvest, which raised the price at Michaelmas to 53s. 4d., combined perhaps with apprehensions on political grounds, induced the government on the 9th of November, 1792, to issue an order in council, prohibiting exportation until the following spring; and subsequently parliament passed an act, 33 *Geo.* 3. c. 3., authorising the king in council to prohibit at any time during the session the exportation of all kinds of grain, and to permit the importation at the low duty.

On a review of the eighteen years from 1775 to 1793, it appears that, although not marked by any extraordinary inclemency of weather, or by a considerable degree of scarcity, as far at least as regards wheat, excepting from 1782 to 1784, the seasons were irregular, and that a large proportion

* By 31 *G.* 3. c. 30. from 15. November, the former laws were repealed, and a new one enacted, by which wheat was subject to a duty of 24s. 3d. if the price was under 50s.; 2s. 6d. at or above 50s. and under 54s.; 6d. at or above 54s.; and a bounty of 5s. on exportation at a price under 44s. The duty and bounty on other grain, in the usual proportion.

of them were attended with harvests of scanty produce ; not scanty merely with reference to an increasing rate of consumption, but scanty relatively to the average produce of a given extent of cultivation.

If compared with an equal number of years in the middle of the century, for instance, from 1730 to 1748, the preponderance of unfavourable seasons here described, between 1775 and 1793, is very great ; there having been in the former series of eighteen years only one year of scarcity, or even of any thing like deficient produce, while in the latter series there were several of acknowledged deficiency, namely, 1782, 1783, and 1784, 1789, 1790, and 1792, besides others, which, by inference from prices, and from the sudden transition from export to import, may be considered to have been defective. And it is difficult to resist the conclusion, that if there had been an equal exemption, not only in this country but throughout Europe, from adverse seasons in the latter, as in the former period, we should have witnessed, notwithstanding the increase of population, a much lower range of prices, and have continued, under the operation of the bounty, to have been an exporting country. The contrast in that case would have been still greater than it is between the prices of corn immediately before, and those subsequent to 1793. As it was, the irregularity of the seasons, and the more frequent recurrence of comparatively deficient crops in the last 35 years of the 18th century, appear to have compensated for the lower range of the first 65 years, and to have had the effect of raising the average price of the entire century to a level with the average price of the whole of the 17th century. The comparison of the average prices of wheat in the two centuries is thus given by Arthur Young : —

			<i>l.</i>	<i>s.</i>	<i>d.</i>	
17th century	-	-	1	18	2	} the Winchester quarter.*
18th century	-	-	1	18	7	

It would lead into too wide a field of discussion to enter upon the various questions which are suggested by this very remarkable coincidence of the

* The following is an extract from the passage in which the above statement of the averages is given : —

“ By collecting the average prices of wheat for various periods, with all the attention in my power, I find the progress through four centuries has been the following : —

		<i>l.</i>	<i>s.</i>	<i>d.</i>	
Average of the 13th century	-	1	2	9	per quarter.
14th century	-	1	6	0	
15th century	-	0	12	0	
16th century	-	1	3	8	

“ This result does not correspond with any general authority I have met with, which should not cause surprise, because the documents were equally unknown to Dr. Adam Smith, Sir George Shuckburgh, and probably to some other writers who have treated generally on the subject.

“ From 1595 we have fortunately a regular register of wheat at Windsor ; but as the measure there is nine gallons, and the price minuted that of the best wheat in the market, the sums are reduced two ninths to bring them to the Winchester measure and average quality, until the year 1771, when Catherwood's tables for the average of the whole kingdom, by the authority of the Register Act, commenced ; the price of this long period I have reduced to the following average : —

		<i>l.</i>	<i>s.</i>	<i>d.</i>
That of the 17th century was	-	-	1	18 2
18th century	-	-	1	18 7

Being a rise of only $\frac{1}{2}d.$ per bushel.

“ The equality between these two centuries is one of the most remarkable circumstances to be met with in the economical history of this country. The average from 1701 to 1766, was 1*l.* 12*s.* 1*d.*, which is a fall of sixteen per cent. below the price of the whole preceding century. The average of the 23 years from 1767 to 1789, both inclusive, was 2*l.* 5*s.* 3*d.* ; from 1767 to 1800, being 34 years, the price was 2*l.* 10*s.* 6*d.* — *Progressive Value of Money*, p. 75.

price on a comparison of the two centuries.* It is sufficient for the purpose of the present inquiry, that in the surveys which have been taken of series extending as far as 50 and 60† years each, compared with a series of an equal number of years immediately preceding or succeeding, during those two centuries, it has appeared that seasons of a favourable or unfavourable character have prevailed in a very different degree or frequency of occurrence in the respective series; and that there is nothing therefore at variance with experience derived from former periods of our history, in the assignment of

* Any attempt to explain that extraordinary fact would involve the necessity of a consideration of many points, upon which the means of information are wanting; such, for instance, as to how far the cost of production might not be in the course of progressive reduction, so as, with the aid of a more than ordinary exemption from seasons of scarcity, to countervail the continued depreciation which gold and silver appear to have been, however slowly, undergoing in the 18th century. The corn laws must be supposed to have had some operation, the precise nature of which it would be very difficult, if not impossible, to trace. At the same time, as the price in this country did not, during those two centuries, differ materially from the general prices of Europe, the presumption is, that the corn laws, although they might, and doubtless did, occasionally operate in aggravation of other causes of variation, must, in some instances, have operated in compensation; so that, however unjust and impolitic, however complex and absurd the system, its influence on prices is not very discernible down to the conclusion of the last century.

† It is not essential to the purposes of the argument on the effect to be ascribed to a frequent recurrence of bad seasons in the interval between 1793 and 1818, to seek to establish the difference of frequency of recurrence of seasons of scarcity or abundance in series of more than twenty-four or twenty-five years. And to this extent, at least, it is to be presumed that the evidence adduced will have left little room for doubt. But the great difference which has been pointed out in the comparative productiveness arising apparently in a great measure from the exemption from bad seasons during an interval of fifty years, combined with the near approximation of the average prices of each of the two last centuries, may fairly justify a suspicion, if it does not go the length of authorising the conclusion, that a series of 100 years at least is requisite to reduce to a fair average the inequalities of the seasons.

a greater proportion of unfavourable seasons in the interval between 1792 and 1819, than in an equal interval anterior or subsequent to that period.

It is moreover to be borne in mind, in estimating the effects of a more than usually frequent recurrence of seasons of scarcity or plenty, that an enormous difference must be the result on prices, according as there may be more or less of impediments, whether from the corn laws, or from a state of war, to importation under deficiency, or to exportation of a surplus, of the home growth.

The corn laws were inoperative, or nearly so, between 1792 and 1815: but the war which prevailed during that interval operated most powerfully in aggravation of the influence of the seasons. The very great difference arising from the effects of the last war on the prices of corn will be exemplified in the period of high prices, which is about to come under examination. But before proceeding to the consideration of that period, it is desirable to obtain a clear view of the general effects of war on prices, and of the specific effects which may be ascribed to the last war.

PART II.

ON THE EFFECT OF WAR.

CHAP. I.

GENERAL VIEW OF THE SUBJECT.

IN estimating the manner and degree in which war and transition from war to peace may affect general prices, two distinct questions arise : the one is, how far the taxes requisite to defray the extraordinary expenses attending a state of war are calculated to raise prices ; and the other is, whether the prices of commodities in general (including food and necessaries), independent of the degree in which they may be affected directly or indirectly by taxation, are liable to be influenced by war, and in what degree, through the medium of supply and demand.

CHAP. II.

EFFECTS OF TAXATION ON THE FLUCTUATION OF
GENERAL PRICES.

THE effects of taxation on prices are liable to vary according to the mode in which the taxes are imposed.

An income or property tax, equally levied upon all classes, would not, in any way that I can conceive, tend to raise general prices.

Taxes levied upon particular commodities have, in general, the effect of raising the price of those commodities; and manufactured articles must be raised in price in some proportion to whatever tax may be imposed on the raw materials. But it does not seem to be a necessary consequence of taxes upon one set of commodities, that all other commodities, although untaxed, should be raised in price, while there are strong grounds of presumption that, under some circumstances, there might be an opposite tendency.

The conditions through which taxes upon one set of commodities are calculated to have an indirect or circuitous effect in raising the price of untaxed commodities, are, that the objects taxed should be the ingredients or the instruments of production; and that such taxes should not apply generally, and nearly equally, to all productions.

If the taxes be laid on the ingredients or instruments of production of some particular article and not of others, it is clear that such article must

advance in price as the condition of continued supply ; without such advance the article would not yield a profit equal to that derived from other productions, and it would, after some interval, cease to be produced in equal quantity, till the diminished supply should raise the price in some proportion to the tax.

But if taxes on the instruments of production, as on corn, or other necessities of the labourer, or on the materials composing machinery and the implements of husbandry, apply equally, or nearly equally, to all branches of industry, they cannot have the effect of raising the price of the produce to which they are applied ; for, provided the power of reproducing in general be not impaired, there will be no inducement to withdraw capital from one occupation and to transfer it to another. An advance of price is not, under such circumstances, a condition of continued supply.

In this country the taxes on the necessities of the labourer, and on the instruments of production, do not apply exclusively to agriculture ; they apply, at least in an equal, and probably in more than an equal, degree, to other branches of industry ; and therefore, according to the principles here stated, they are not calculated to have the effect of raising the prices of agricultural produce, nor, in general, of raising the prices of other articles that are not the immediate objects of taxation.

It is not my intention, at present, to enter into a detailed statement of the grounds for this opinion, which would involve a discussion of the principles of taxation ; a subject foreign to the purpose of this inquiry. It is sufficient to remark, in general terms, that if the level of the prices of articles not taxed, agricultural produce, for instance, were raised by the taxes laid on other articles, it would follow, that if the whole amount of taxation levied during a war were continued in peace, there would,

as far as taxation is concerned, be no fall of prices in the transition from war to peace.

As, therefore, the whole amount of taxation (including land-tax, tithe, and poor-rate) down to the summer of 1822, was as great as during the war, with the exception of the income tax, the inference is, that in as far as untaxed commodities and labour were raised in price by that cause, the same cause, subsisting down to the summer of 1822, should have prevented prices from falling to the level to which they would otherwise have declined. And as the controversy has mainly turned upon the contrast between prices during the war and since the peace, till the close of 1822, the lowest point having been reached before any remission of taxation, the income tax excepted, we may fairly exclude the operation of taxes from among the causes of the fluctuations in the prices of untaxed commodities, such as agricultural produce, or of commodities divested of the taxes to which they may be liable on importation or consumption.

I shall therefore proceed to examine how far war, independent of taxation, may have contributed to the fluctuation of prices.

CHAP. III.

EFFECT OF THE EXTRA DEMAND OR CONSUMPTION
SUPPOSED TO ARISE OUT OF A STATE OF WAR IN
GENERAL.

THOSE persons who consider the range of high prices which prevailed from 1793 to 1814, as being fully accounted for by the war, independently of its attendant taxation, proceed on the assumed operation of the following causes :—

1. An extra demand or consumption arising out of a state of war in general.
2. The extra demand or consumption peculiarly characterising the last war.
3. The monopoly of trade enjoyed by this country. And,
4. The stimulus or excitement to increased population, production, and consumption, occasioned by the profuse government expenditure during the above period.

SECTION 1. — *Extra Demand or Consumption arising out of a state of War in general.*

The reasoning in support of the opinion, that the principal phenomena of high prices may be ascribed to the effects of war in general, through the medium of extra demand, independently of any reference to circumstances affecting the supply, may be stated in substance as follows : —

That the whole of the government expenditure for naval and military purposes may be regarded as creating a new source of demand for the articles constituting that expenditure, and consequently as tending to raise the price of such articles.

That not only the price of those commodities, which come directly under the description of naval and military stores, must experience an advance in consequence of the increased demand, but that the price of corn and other necessaries must likewise be affected in a considerable degree by the additional consumption occasioned by the maintenance of the men composing the fleets and armies.

That not only the demand for seamen and soldiers must tend directly to raise the rate of wages of that description of labourers from among whom these men are taken, and indirectly the rate of wages generally; but that the increased demand for various kinds of manufactured articles requisite for the equipment of fleets and armies, is calculated further to raise the rate of wages; and that this increased demand for labour, and the consequent advance of wages in general, naturally occasion increased population and increased consumption by the labouring classes.

Thus the government expenditure in all its ramifications is thought to extend the sphere and increase the activity of demand for necessaries, to operate directly or indirectly in promoting briskness of circulation, to vivify every branch of industry, and consequently to stimulate exertion to an increase of every kind of production.

The cessation, by the peace, of all such extra demand, the great customer war being withdrawn, (when by the stimulus of previous high prices there was a general increase of production,) would naturally, it is supposed, account for falling markets and consequent distress among the producing

classes, and for reduced wages and diminished consumption ; these leading, through a long course of suffering, to the only remedy, viz. a diminished production.

The fallacy of this doctrine, which represents a general elevation of prices, both of commodities and labour, to be a necessary consequence of a state of war, proceeds (and cannot otherwise than so proceed) on the supposition that the money expended by the government consists of funds distinct from and over and above any that before existed ; whereas, it is perfectly demonstrable, that an expenditure by government, whether defrayed by immediate taxes to the whole amount, or by loan on the anticipation of taxes to be levied, is nothing but a change in the mode of laying out the same sum of money ; and that what is expended by government would and must have been laid out by individuals upon objects of consumption, productive or unproductive.

I am here supposing that, both on the part of government and on that of individuals, the habit of hoarding to any extent is out of the question. If government were in the practice of collecting a surplus revenue in coin in time of peace, and of accumulating it as treasure to be expended on the occurrence of a war, then indeed there would be a marked difference in general prices on the transition from peace to war ; but even this addition to the circulating medium would be limited in its effect on prices to the time within which the treasure was in a course of progressive outlay, until its natural distribution into other countries was effected. A similar effect would follow, if individuals were in the habit of hoarding, and if, for the purposes of war, they were obliged to give up their hoards to the use of government. These suppositions, however, are quite foreign to the practice of the times which are under consideration.

But although, upon the breaking out of a war, there would not and could not be any increase in the sum total of demand (the quantum of the circulating medium remaining unaltered), there would be a disturbance of the proportion of the prices of commodities, relatively to each other, and relatively also to the price of labour. The articles which might suddenly be the objects of government demand would rise; but, on the other hand, those articles which would, but for the war, have been purchased by individuals, from the fund which is withdrawn from them, would experience an equivalent fall; in general, on such occasions, the demand by government, being sudden and on a large scale, for commodities of which the supply has not had time to accommodate itself to such extra demand, may produce a considerable rise in the price of such commodities; while the corresponding abstraction of demand being spread over an infinitely greater surface, would operate in a manner that might be hardly perceptible, but would not be the less real on the sum of general prices.

I have assumed that the quantity of money in circulation remains the same. If a state of war includes the supposition of an increase in the quantity of money, then indeed the case would be altered. But an increase of currency for government purposes must be either in coin, which can only be obtained by cheapness relatively to other countries, and consequently supposes the reverse of dearthness, which is ascribed to war; or in paper, which involves the question of depreciation, and this will be separately considered.*

* It may be supposed that government might and did avail itself of its credit, in order to carry on its expenditure through that medium without requiring advances from capitalists, who would thus have their funds at liberty for their ordinary purposes; and thus the government expenditure might constitute an *additional* demand. But a slight consideration will show that such use of its credit by government cannot furnish any per-

If the war supplies are raised within the year by direct taxation, that is, by an income or property tax, it is so perfectly clear, that whatever is expended by government must be exactly so much abstracted from what would otherwise have been the expenditure by individuals, and that there can consequently be no elevation of the aggregate of prices, whatever may be the disturbance of the relative value of commodities and labour among each other (the aggregate supply of these remaining the same), as to appear like a truism.

But it may be a question whether the raising of money by loan*, the interest of which only is to be defrayed by direct taxation, might not enable government to buy to a greater amount than would be

manent addition to the means of purchase. If Exchequer, or Navy, or Victualling bills are issued in payment, these bills will occupy the money of the capitalists who buy them, as much as if the latter lent the same sum to government. Or if mere book credit were taken by government, the parties selling on such credit will have so much less money to go to market with. There is no doubt that a use of credit, whether by government or by individuals, is virtually, while in operation, equivalent, in its effect on prices, to money; but if its effect be to raise prices beyond the level which they could otherwise maintain, such effect would be felt in a depression of the exchange, and (if the paper were inconvertible) in a rise of the Mint price of gold above the market price, thus constituting that excess and consequent depreciation of the currency, which, as connected with general prices, forms a distinct branch of this inquiry.

* Dr. Chalmers, in his very elaborate work "On Political Economy, in connection with the Morals, State, and Prospects of Society," 1832, has done me the honour of making some remarks on this part of my argument contained in a former work of mine. After having given it as his opinion that a government expenditure defrayed wholly by taxes would not have the effect of raising prices, except of the articles taxed, he proceeds to say, that "Mr. Tooke has not fully adverted to the distinction, in point of effect, between a war expenditure, that is defrayed wholly by taxes, and a war expenditure that is defrayed partly by loans." Dr. Chalmers agrees with me in considering that "the money which is in the hands of capitalists is as much spent as would be the same money in the hands of government; and that, therefore, when transferred from the one to the other, there is no greater demand

counterbalanced by the diminished power of individuals to purchase. A moment's consideration, however, will be sufficient to convince any one that there can be no rise of general prices in this case any more than in the former: the money advanced to government would, but for such loan, have been laid out equally in purchases, though probably not of the same commodities, or would have been lent on private securities to such persons as would have laid it out in purchases. It is precisely of the nature of money advanced by way of mortgage to individuals; the lender would have, when he had advanced the money, just so much less to lay out as the borrower had more. It may be said that the borrower might spend it in the maintenance of unproductive labour, whereas the lender might otherwise have laid it out reproductively: this might or might not be the case, and the difference might eventually affect the quantum of production; but we have supposed the aggregate supply to be undiminished by war; for how far it may be calculated to diminish supply is a separate question. All that is now contended for is, that there cannot, by the mere loan to government, be any addition to the total of demand for commodities, whatever might be the difference in the relative proportions of them.*

thereby created to bear on the general market, and so to raise prices. But," he adds, "it should be considered that though such a transference gives rise to no greater demand, it gives rise to a less supply; and that this will raise prices just as effectually." It will be seen, however, that I have not neglected this consideration, but have referred to it as a distinct branch of the argument, viz. the effect of war in diminishing or obstructing supply.

* The raising of the funds requisite for the purposes of the war, by loan, might be supposed to have the effect of temporarily affecting the channels of circulation. The amount advanced to government would be, it may be thought, collected from among large sums of monied capital, seeking investment, some of which might have lain dormant, waiting to be so called forth. And if, when paid into the Exchequer, or into the Bank, it were

In the case of indirect taxation, that is, of taxes on commodities, whether for defraying the whole expenditure or the mere interest of loans, the articles immediately taxed must, as I have already admitted, rise in price in some proportion to the tax: but a rise in price from this cause would be unconnected with any such increased demand affecting commodities generally, as is assumed by those who consider that the expenditure of government forms a fresh fund, whether arising from taxes or loans.

Viewed therefore upon general grounds, the conclusion appears to be irresistible, that the extra demand or consumption arising from government expenditure cannot have the effect of raising the aggregate of prices; and this conclusion from general reasoning is fully borne out by a reference to experience of the effect of former wars upon prices.

It is of course to be understood that articles which are subject to a tax, such as malt, or to increased charges of importation, such as colonial and foreign produce, or to extra demand for naval and military stores, such as saltpetre and cordage, do not come into the comparison of general prices.

immediately distributed in payments by government, there might be a temporary briskness of demand upon the distribution through the minuter channels of the circulation of sums which were previously collected in masses. There does not appear to be much ground for the supposition, that any marked effect would be produced in this way, even admitting that it were consonant to the practice, which it is not. For, in point of fact, the payments by government were made, not suddenly, but distributed over intervals of some length. And so far from the distribution of the sums paid into the Bank by the subscribers to the loans being immediate, they would, in some instances, have been inconveniently withheld from circulation, had it not been that the Bank, with a view to avoid such inconvenient contraction, used to make advances to the subscribers for a limited time for the amount of their subscriptions after the first payment.

With these exceptions it will appear, on reference to former periods of our history, that there is no observable coincidence of a rise of price during war, and a fall during peace. On the contrary, it so happens that, in the case of the agricultural produce of this country, there was for upwards of a hundred years previous to 1793 as low a range of prices during periods of war as during the intervals of peace. This has been eminently the case with respect to wheat, as will appear by the following statement of the Windsor prices from the Eton Tables:—

				£	s.	d.
1688	to 1697	10 years	War	-	2	2 6 $\frac{3}{4}$
1698	1701	4	Peace	-	2	6 0
1702	1712	11	War	-	2	2 0
1713	1739	27	Peace	-	1	15 10 $\frac{3}{4}$
1740	1748	9	War	-	1	11 6 $\frac{1}{2}$
1749	1754	6	Peace	-	1	13 11 $\frac{1}{2}$
1755	1762	8	War	-	1	17 1 $\frac{1}{4}$
1763	1774	12	Peace	-	2	8 11 $\frac{1}{2}$
1775	1782	8	War	-	2	6 6 $\frac{1}{2}$
1783	1792	10	Peace	-	2	10 2 $\frac{1}{2}$

A result nearly similar is observable in the price of meat, as may be seen by reference to Sir F. Morton Eden's work, entitled "State of the Poor," containing extracts from the Victualling Office prices. See also the prices of the Greenwich and Bethlem Hospital contracts, in the Appendix to the several Bullion and Agricultural Reports of the Lords and Commons, by all of which it will appear that the prices of meat and other provisions were as low in the periods of war as in those of peace, and in some instances lower. The Victualling Office returns are the more striking, because the demands for the navy must be supposed to be calculated to operate in a greater degree on this description of food than on corn.

The prices of wool would offer nearly the same result.

Other articles might be enumerated, as affording a similar conclusion.

Nor do the wages of labour appear to have been, in general, higher during war than in the intervals of peace: this will appear from the following extract from the Greenwich Hospital prices in the Appendix to the Commons' Report on the Resumption of Cash Payments (page 338.).

		Carpenters per Day.		Bricklayers per Day.		Masons per Day.		Plumbers per Day.	
		s.	d.	s.	d.	s.	d.	s.	d.
Peace	{ 1730	2	6	2	6	2	6	3	0
	{ 1735	2	6	2	6	2	6	3	0
	{ 1740	2	6	2	6	2	8	3	0
War	{ 1745	2	6	2	6	2	8	3	6
	{ 1750	2	6	2	6	2	8	2	6
Peace	{ 1755	2	6	2	6	2	8	2	6
	{ 1760	2	6	2	6	2	8	2	6
	{ 1765	2	6	2	4	2	8	3	0
War	{ 1770	2	6	2	4	2	8	3	0
	{ 1775	2	6	2	4	2	10	3	0
	{ 1780	2	6	2	4	2	10	3	0
Peace	{ 1785	2	6	2	4	2	10	3	3
	{ 1790	2	6	2	4	2	10	3	3

Here then, through the course of such a series of years, we have surely proof sufficient that it is not a *necessary* consequence of a state of war that the prices of labour * of agricultural produce, and

* It has been contended, that the government expenditure, by creating an extra demand for men for the army and navy, raised the general rate of wages; and that the rise of wages enabled the labouring classes to expend more money on the purchase of food and other necessities. If the demand for men by government was not a *substitution* only for the demand which would otherwise have existed by individual employers, but constituted a clear *additional* demand for labour, the supply of it remaining the same, some rise in the general price of labour would be the consequence. It does not appear that, in the wars preceding the last, there was any sensible increase of wages; the probability, therefore, is, that the employment of men by the government of those times was merely substituted for what, but for the war, would have been their employment for other purposes. And the only ground for distinguishing the operation of the last war from former wars, in that respect, is the larger numbers, rela-

other articles not taxed, or not the immediate objects of war consumption, should rise; for in fact they were lower, in the majority of instances, during the periods of war, than in the intervals of peace. That they should in some have been lower in war than in peace might, perhaps, to a certain extent, have been owing to a disturbance of the channels of circulation, and to an increase in the functions of money, while the principles and practice of banking and credit were so imperfectly understood. At the same time, there can be no doubt that the greater cheapness of the periods of war must have arisen mainly from their co-incidence with more favourable seasons. Be this as it may, the fact itself of the relative cheapness of periods of war in the whole term is decisive against the effect ascribed to it, of raising the prices of provisions, and of commodities generally, inde-

tively to the population, who were employed by government in the last war. But, on the other hand, the vicissitudes of manufactures and commerce were, from the character of the last war, more frequent than in former wars; and, in many instances, the government demand did little more than absorb the numbers thus thrown out of employ. Mr. M'Culloch in the following passage seems to consider that the demand for men by government is a mere substituted demand:—

“It has sometimes been stated that a loan occasions, while government is spending it, a greater demand for labour than it would have afforded had it continued in the possession of individuals. I confess, however, that I have not been able to discover any grounds for this opinion. If the government expend the loan in the purchase of military stores, they will not by doing so give any greater stimulus to labour than the capitalists, who have made the loan, would have given had they employed it to purchase raw or manufactured goods; and suppose government employed it in hiring soldiers and sailors, they will not thereby occasion a greater demand for labour than would have been occasioned by employing it to hire common labour. That there is frequently a very brisk demand for labour during periods of war is no doubt true; but we shall certainly find the cause of it in something else than the mere substitution of government employment for that afforded by individuals.”—*Principles of Political Economy*, 2d edit. p. 498.

pendent of the degree in which they were taxed ; and what, perhaps, is the most decisive consideration of all against the assumption of that preponderating influence, is that the period of the greatest cheapness in the whole term of 105 years, viz. the period between 1740 and 1748*, is precisely that of an uninterrupted and very large war expenditure, defrayed chiefly by loans.†

SECTION 2. — *Effect of the extra Demand or Consumption attributed specially to the last War.*

So far as to the presumption of the effect of war generally, in raising prices : but it has been asked, “ who, that contemplated the character of the late war, that referred to the great military force which was employed in Europe, and to the consequent demand of all the great articles of consumption, could for a moment think of comparing the events of that war, and the state of things growing out of it, with the events and effects of former wars ? ” ‡ Now, the obvious answer is, that as to this

* There is in this instance a specific cause of a reduction of the price in consequence of the war. As we had at that time a large exportable surplus of corn, chiefly destined for France, with which we were at that time at war, the increased freight and insurance would, if the demand from abroad were not so urgent as to compel the foreign buyer to pay those charges, fall on the exporter, and consequently form a deduction from the price.

† The government expenditure arising from the war of that period must be considered to have been very large, relatively to the ordinary peace establishment, and relatively likewise to the general level of the prices of commodities and labour. To contemporaries it appeared of extraordinary magnitude. Lord Bolingbroke says, “ Our parliamentary aids, from the year 1740 exclusively, to the year 1748 inclusively, amount to 55,522,159*l.* 16*s.* 3*d.* ; a sum that will appear incredible to future generations, and is so almost to the present.” — *Some Reflections on the present State of the Nation*, 1749, edit. 1773, vol. iv. p. 137.

‡ Lord Liverpool's Speech, 16th July, 1822.

particular effect of war consumption upon prices, it is only a question of degree, whatever the difference of the nature of the contest may have been in other respects; and further, that, upon the general grounds before stated, the *extra* demand for such objects by the belligerent powers must be compensated, and probably more than compensated, by corresponding privations on the part of their subjects.

With regard to the alleged influence of war—demand in raising the price of provisions, it must doubtless be admitted as operating in the immediate neighbourhood of large armies in a state of active military operations; for it is scarcely possible that the local supply can accommodate itself, except at a great advance of price, to so sudden and casual a source of extra demand. But applying to this country the supposition of extra demand, arising out of a state of war, it is to be observed, that the quantity of food required for the maintenance of the soldiers and sailors composing the war establishment is not all so much beyond what would otherwise have been consumed. The only effectual addition of demand is for that part which is beyond what would have been the consumption of the same individuals in their former occupations*; but from this addition, small as it must

* This additional consumption is hardly worth mentioning; for, take it at its utmost amount, it is a quantity quite insignificant compared with the difference between a good and a bad crop of wheat. — Suppose, for instance, that the extra consumption is four bushels of wheat per head for each (an extravagant supposition) of the men composing the army and navy; suppose these to have amounted to 300,000, there is an extra demand for 150,000 quarters. While, between the limits of a bad harvest like 1816, which has been computed as low as 9,000,000 quarters, and an abundant one like 1820, which was supposed to have yielded 16,000,000, there is a difference of supply of 7,000,000 quarters. And accordingly it is well known, by recent experience, that the most wasteful consumption produces very little impression on a superabundant crop.

be, compared with the mass over which it is distributed, is to be deducted that proportion which was supplied from the places abroad where our fleets and armies were occasionally stationed. Subject to these deductions, the mere extra quantity consumed by the army and navy must, when compared with the total production, be quite insignificant, and not calculated to have any perceptible influence on the price of the principal articles of food.*

But, as consumption is the measure of the *extent* of demand†, and as consumption has of

* The insignificance of the extra consumption or waste of provisions by soldiers is expressly admitted by one of the ablest advocates for the doctrine of the great influence of a government expenditure defrayed by loans, on general prices. "That part of the loan which is distributed in pay to the troops is mostly expended in provisions for their maintenance. Probably a greater quantity may be consumed by them as soldiers than if they continued in their usual occupation: and this is much dwelt upon by some writers as the great cause of extra consumption during war; but I think more importance has been attached to this species of waste than can be justly ascribed to it." — *Observations on the Effects produced by the Expenditure of Government during the Restriction of Cash Payments*, by William Blake, Esq. *F.R.S.* page 69.

† This is the sense in which Mr. Ricardo uses the word demand, and he expressly objects to admit the use of the term when applied to a rise in the price of a commodity from an alteration in the value of money. "The demand for a commodity cannot be said to increase, if no additional quantity of it be purchased or consumed; and yet under such circumstances its money value may rise. Thus, if the value of money were to fall, the price of every commodity would rise, for each of the competitors would be willing to give more money than before on its purchase; but when its price rose 10 or 20 per cent., if no more were bought than before, it would not, I apprehend, be admissible to say, that the variation in the price of the commodity was caused by the increased demand for it." — *Principles of Political Economy and Taxation*, 3d edition, page 461.

There is another sense in which the word demand is frequently used, which is, in my opinion, inadmissible in a discussion of this kind; and that is, where it is applied to signify the increased eagerness or competition of buyers, and consequent

late been considerably greater, and has increased at a more rapid rate than at any period of the war, it is incumbent on those who ascribe all the phenomena of high prices of provisions to war-demand, to show why the smaller consumption during the war should be the cause of a rise of prices, while the greatly increased consumption since the peace should have been attended by a fall of prices. Considering the progressive increase of population, with the rapid improvement of our manufactures, which was going on down to the breaking out of the war, there is every reason to believe that, but for the war, there would have been a still greater demand for food and other necessities than actually occurred; and that consequently, supposing

advance of price, occasioned by the scarcity of any particular commodity, or, in other words, by an under supply of it relatively to the average rate of consumption.

The object of the present discussion is to determine whether the high prices during the war were occasioned by an extra consumption arising out of the war, that is, by a consumption beyond the average rate at which it was proceeding, independent of the war, or by an under-supply, compared with that average rate; it is, therefore, of the greatest practical importance so to confine the use of the term, as to preserve the consideration of the alternative of these two causes, or of the proportion in which each operated, perfectly distinct. The advocates of the doctrine of war-demand have not attended to this distinction; and to the neglect of it may be traced a good deal of the confusion and looseness of reasoning which pervades their arguments in support of that doctrine. If, in their use of the term, they actually mean an under-supply, relatively to what had been, independent of the war, the average rate of consumption, there is no difference between us, as it will be seen that I admit the influence of the late war in raising prices, by increasing the cost of production, and by obstructing and diminishing supply. But it is evident from the general tenor of their reasoning, however loosely expressed, that they do not so understand the term, and that they, in fact, use it synonymously with consumption; for they constantly refer to the war expenditure as having afforded the means of an extra consumption. It is in this sense, therefore, that I understand and use the term, in its application to the question now under discussion.

the scarcity arising from the seasons, and the obstructions to importation, to have been the same in peace as in war, we should have had prices full as high, if not higher, less only the difference between paper and gold.

There are particular articles of which the demand for naval and military purposes forms so large a proportion to the total supply, that no diminution of consumption by individuals can keep pace with the immediate increase of demand by government; and, consequently, the breaking out of a war tends to raise the price of such articles to a great relative height; but, even of such articles, if the consumption were not on a progressive scale of increase so rapid that the supply, with all the encouragement of a relatively high price, could not keep pace with the demand, the tendency is (supposing no impediment, natural or artificial, to production or importation) to occasion such an increase of quantity, as to reduce the price to nearly the same level as that from which it had advanced. And accordingly it will be observed, by reference to the table of prices, that saltpetre, hemp, iron, &c., after advancing very considerably under the influence of a greatly extended demand for military and naval purposes, tended downwards again whenever that demand was not progressively and rapidly increasing. Any fluctuation independent of variations in the extent of government demand, may be clearly traced to the greater or less obstructions to supply.

SECTION 3. — *On the Effects of the Monopoly of Trade enjoyed by this Country during the last War.*

IT has been contended that, admitting no influence by war-demand upon prices, except of articles that are used as naval and military stores, there was a considerable effect produced on general prices by the monopoly which the war, as a consequence of our ascendancy at sea, and of our exclusive possession of the East and West Indies, conferred on the trade of this country. As instances of the extent of the monopoly of trade which we thus enjoyed, we are referred to the number of British vessels, which were progressively increasing (and employed at advanced freights) with the continuance of the war; to the crowded state of the river and of the docks; to the consequently full employment of the various branches of industry connected with the building, repairing, and outfit of ships in the port of London, and in many of the outports; and, in short, to all the signs of great commercial activity.

A part of this description is true. Never before was the shipping of this country employed at higher freights; and scarcely a ship belonging to any other nation could sail without a licence from the government of this country. The whole of the exportable produce of the East and West Indies, and of a great part of South America, came to our ports; and no part of the continent of Europe could obtain a supply of coffee, sugar, and other colonial articles, or of the raw materials of some of their manufactures, except from this country. So far we may be said to have enjoyed the monopoly of trade; but the effects of this species of monopoly, in its supposed extension of

our shipping and foreign commerce, have been greatly mistaken and overrated.

On a reference to the parliamentary returns, of the tonnage of British shipping, it will be seen that the rate of increase of it during the war was less than it had been during the immediately preceding years of peace, or than it has been since the termination of the war.

From the amount, however, of the tonnage registered during the war, ought to be deducted the ships which were engaged as transports, and which could not therefore be considered as forming a part of our mercantile marine. The shipping engaged as transports amounted to no less, on an average of the latter years of the war, than about 700 sail, registering nearly 200,000 tons; which, deducted from the total amount of registered tonnage, leaves a greatly reduced quantity of shipping applicable to the purposes of trade during the war, compared with the subsequent years of peace. It is to be observed, too, that this smaller amount of shipping during the war was, in consequence of the detention of convoys—circuitous voyages, to elude the anti-commercial decrees of the enemy—occasional embargoes, and other causes of delay even in our own or friendly ports—incapable of carrying on nearly so much trade then, as it would at present, more especially since the introduction of steam navigation. The difference hence arising, in the number of voyages performed by the same ship in a given time, will account in some degree for the different proportion of the tonnage cleared outwards, to the amount of registered tonnage at the several periods. The same circumstance, combined with the advanced cost of building materials and of stores, will account for the high freights which prevailed during the war.

It may be said that this reduced employment of British shipping, for commercial purposes, was

compensated by a greater employment of foreign ships during the war. True; but does not this circumstance militate with the received ideas of the nature of our boasted monopoly of trade? With regard to the crowded state of the river and of the docks during the war, it is sufficient to remark as a matter of notoriety, that the resort of shipping to the port of London has been much greater since the peace. And if the building of ships in the river has declined, it is because, in consequence of the greater expenses attending the river yards, a large proportion of that branch of business is transferred to the out-ports, and not because the annual amount of ship-building has diminished during the peace, on a comparison with the average of the war, as must be evident from the statements of the relative amount of tonnage at the several periods. The most rapid increase of ship-building, however, is that which has been going on in British America, in consequence of the great cheapness of the materials in that part of the world.*

But what must be conclusive on this and all minor points referred to, in proof of the supposed effects of our monopoly of trade by the war, is that the aggregate amount of our foreign trade, which can alone be in question as affected by the monopoly, was not nearly so great during the war as it has been since the peace; and that the *rate* of increase was as great in the peace preceding 1793, as in the succeeding interval of war.

One of the effects of our monopoly of trade was an increase in the exports of foreign and colonial pro-

* Ships built in that quarter are, as may easily be supposed, from the nature of the timber, less durable, and of an inferior description in every other respect to those built in this country. The regulation of the timber duties, acting as a premium for dry rot, and yielding in impolicy and injustice to our corn laws only, is calculated greatly to increase the proportion of that inferior, and in every way objectionable, class of shipping.

duce, the amount of which must previously have swelled the imports in a corresponding degree. In the interval, however, between 1807 and 1814, there was no corresponding export of the colonial produce compulsorily brought hither; as it was only in 1814 that an adequate vent could be found, on the opening of the ports of the Continent by the peace, for the accumulation of sugar, coffee, &c. that had taken place in the preceding five years. The value of the colonial produce so accumulated could be little short of fifteen millions sterling.

But, granting the utmost that ever has been claimed (upon very insufficient grounds) for the effects of the monopoly arising out of the war, in extending the shipping and trade of this country, it still remains to connect the description of monopoly with the high prices ascribed to it. Now it so happens, that not an article which was the subject of monopoly was, as far as I am aware, at a higher price in this country than it would have been under the most free competition. While that monopoly was most strict, viz. in 1811 and 1812, prices of sugar, coffee, dye-woods, spices, and some descriptions of manufacture, which were the objects of our exclusive trade, were precisely those which, if a deduction be made for the difference between paper and gold, were more depressed than they ever were before or have been since. And it was only in *the almost certain prospect of peace*, and consequently of the *near termination of the monopoly*, that the prices of those commodities experienced any decided advance, viz. in 1813 and 1814.

Dr. Johnson defines the word "Monopoly" as "the exclusive privilege of selling:" but, if the thing to be sold exists, and is offered for sale in as unlimited a quantity as it would have been without that privilege, what is the use of it to the party invested with it? If, when the French and Dutch colonies in the East and West Indies were ceded

to this country, their produce had been suppressed or destroyed, and their cultivation prohibited, then indeed there would have been something substantial in our monopoly, as far at least as related to price; and the planters, or the proprietors of the produce of our old colonies, would have derived from that circumstance a decided benefit. Instead of which, by a large outlay of British capital, the French West Indian islands, and the Dutch settlements of Demerara and Surinam in the West, and Java in the East, were rendered more productive than they ever before had been. The collective and increased produce from all these sources, when poured into this country, while the export to the Continent was restricted, occasioned the real depression attending a glut; the very opposite state to that which is commonly supposed to be the consequence of a monopoly. The very high prices of colonial produce in 1813 and 1814 were, as I have already shown, in great part the result of ill-judged speculations *on the prospect of peace*; and those prices were not realised by the exporters in the eventual returns; but even supposing them to have been realised, they were so transitory, as not to afford a compensation for the long previous depression; and they cannot at any rate be considered as the result of monopoly arising out of the war, seeing that they were only the consequence of the opening of the new markets by a peace.

SECTION 4. — *Effects of the Stimulus or Excitement supposed to have been occasioned by the Government Expenditure during the last War.*

THE advocates of the theory which accounts for the high prices observable during the late war, by

the excitement supposed to arise from the profuse government expenditure, assume implicitly that the operation of that cause was distinctly marked by an *unusually rapid increase of population**, of

* "These peculiarities (that is, of the late war) were the *unusually rapid increase of the population*," &c.—*Quarterly Review*, No. 57. p. 222.

"It may still most safely be said, that *in no twenty-two years of our history, of which we have authentic accounts, has there ever been so rapid an increase of production and consumption, both in respect of quantity and value, as in the twenty-two years ending with 1814.*" — *Ibid.* p. 229.

"*The population increased with extraordinary rapidity*, which necessarily implies such a rise in the money price of labour, as, combined with more general employment, and other advantages in the purchase of clothing and foreign commodities, would enable the labouring classes to bring up larger families than before." — *Ibid.* p. 233.

"Examine the evidence of Alderman Rothwell, Mr. Rous, and various other witnesses, who all agree *that during the war there were both greater production and greater consumption.*" — *Observations on the Effects of the Expenditure of Government*, p. 67.

"There cannot be a doubt *that during the war more produce was raised, and more work done.*" — *Ibid.* p. 72.

"It is to be observed, too, that though in the first instance the demand might be for the materials of war, *it would gradually extend to almost every commodity ordinarily consumed by man.*" — *Ibid.* p. 76.

"The low prices (1822) are not confined to corn alone: it is well known that *manufactures are less in quantity, and less in price also.*" — *Ibid.* p. 93.

"The *excitement* was not confined to manufactures. It extended to the producers of the raw materials in every branch of employment: the mines of copper, lead, tin, iron, coals, were all in activity." — *Ibid.* p. 89.

"It appears to me, that in whatever degree minor circumstances may have co-operated, the great and mighty source of the distresses felt by all classes of producers has been the transition that took place at the termination of the war; not the transition from war to peace, in the usual acceptation of those terms; not the transition that arises from the diversion of capital from one employment to another employment; not the transition from the waste occasioned by the extra consumption of troops, either at home or engaged in actual warfare; but the transition from an immense, unremitting, protracted, effectual demand for almost every article of consumption to a comparative cessation of that demand." — *Ibid.* p. 88.

production, and consumption ; and that the transition from war to peace occasioned the fall of prices, not by an increased supply and diminished cost of production since the peace, relatively to the same or an increased rate of consumption, but but by a diminution of demand or consumption, relatively to the same or a diminished extent of supply.

Some distinguished writers, too, have supposed that the greater part of the period of the war was marked by an active and flourishing state of our manufactures, and that this was a cause of an increased demand for, and price of, agricultural produce. Thus, in the article before quoted of the *Quarterly Review*, No. 57., ascribed to the pen of an eminent writer, is the following passage :—“ It is undeniable, that during the greater part of that period (from 1793 to 1814) the trade of the country was in a state of unexampled prosperity.” And Sir Edward West, in his very able treatise on the price of corn and the wages of labour, builds the greater part of his theory on this foundation.

It may be observed, however, that the principal arguments in favour of this theory were brought forward in publications and speeches of some years back, when the transition from war to peace was comparatively recent, and when many otherwise well informed persons entertained the belief that there was a retarded rate of population, and less consumed, and less produced, and less trade, after the peace, than there had been during the war. The assumption to this effect is essential to the theory of the stimulus of war-demand ; the stimulus being distinctly inferred from the assumed increase of population, production, and consumption during the war, as compared with the period which had elapsed after the peace ; and if the facts tallied with the theory, the conclusion would be inevitable,

that the state of war was more favourable than the state of peace to the progress of population and wealth. A hypothesis so utterly irreconcilable with any reasoning upon the general effects of war, or with any experience of the effects of former wars, might naturally raise doubts, whether it was possible that it could be sustained by facts. But whatever question there might be when those theories were broached, and in some degree of vogue, the statistical information since collected, has proved incontestibly, that there is not the shadow of a foundation in fact, for the assumptions on which the theory proceeds. To enter into a detailed proof to this effect would be at present a work of supererogation, and would needlessly swell this branch of the subject to a disproportionate extent; inasmuch as an easy reference may be had to indisputable evidence* of the progress of population, production, and consumption, by which it appears that these were in a *greatly accelerated ratio* from 1814 to the present time, as compared with the long interval of war.

If, then, an increased rate of production and consumption be going on at the end of two and twenty years of peace, such an effect must be referred to some other cause than the previous war expenditure; and some cause must be found for the fall of prices, other than a supposed diminution of demand from the cessation of that expenditure. What the cause or causes of the great variation of prices, beyond the difference between paper and gold, may have been, is what will be matter of further examination. In the mean time we may safely dismiss a hypothesis, which proceeds on the assumption

* See Tables of Revenue, Population, &c. from the statistical department of the Board of Trade, compiled under the superintendence of Mr. Porter; Statistical Account of the British Empire, by J. R. M'Culloch, Esq.; Progress of the Nation from the beginning of the 19th century to the present time, 1836, by G. R. Porter, Esq.

of facts which never had any existence, which overlooks the most important of the facts that did occur, and is utterly irreconcilable with any rational or consistent explanation of the actual phenomena.

The only reason, indeed, for having entered into this examination, brief as it is, of the doctrine of the stimulus of war demand is, that the arguments in support of it have been advanced by very distinguished authorities; and that although the grounds on which that doctrine has been founded *fail in every part*, there is still a vague but strong impression in favour of it, by persons who, seeing the extravagance of the ultra currency doctrine, are not aware of any alternative but that of the hypothesis of increased consumption, to account for the high prices which prevailed during the war.

CHAP. VII.

EFFECT OF WAR, AS OBSTRUCTING SUPPLY, AND
INCREASING THE COST OF PRODUCTION.

ENOUGH has been said to prove that war cannot operate in raising general prices through the medium of increased demand ; and that there is no sufficient ground for ascribing any effect in raising general prices to the monopoly of trade, or to the increased excitement and activity which characterized the last war.

The remaining question is, what effects are to be ascribed to war as regards supply ? And the answer may be, in general terms, that it is the tendency of war to diminish supply.

The mode in which war may be calculated to operate to this effect is, 1st, by a diminution of reproduction, and 2dly, by increased cost of production, and by impediments to commercial communication.

It will be readily admitted, that the immediate and obvious tendency of a state of war is to abstract a portion of the capital and labour, which would otherwise have been employed in reproduction ; and if, from the course of military operations, or from arbitrary government exactions, an apprehension should be superadded of insecurity of property, there will be a further cause for diminished production ; so that dearth and impoverishment are likely to be the consequences of a state of war in a country thus situated. It is probable that circumstances of this kind operated in diminishing and deteriorating the cultivation among some of the states of the continent of Europe, in

different periods of the war. In the early part of the war, the extensive military operations were calculated to diminish the produce of the Netherlands, Germany, and Italy; and, at the same time, the political convulsions attending the revolutionary period might affect the extent and quality of the cultivation of the land in France. In the subsequent periods of the war the course of military operations can hardly have failed to diminish the produce of Poland, Prussia, Saxony, and Russia, as likewise of Spain, Portugal, and Italy. And while causes like these were, perhaps, operating in a diminished reproduction in some of the countries alluded to, there were circumstances arising out of the war, which, beyond all question, added greatly to the cost of production in this country; these were—

1. The increased rate of interest of money, which, more especially as regarded all outlay as fixed capital, formed an important element in the calculation of the price at which reproduction could be continued, or a new production afforded.

2. The increased rates of freight and insurance, which applied to the whole period of the war, but which in the last six years of it amounted (as will be seen when the period comes under consideration) to an enormous charge on all importations from the continent of Europe. And, although the greatest charge under this head applied to our foreign trade, there was also a great increase of freight and insurance attaching to our coasting trade, forming no inconsiderable item in the cost of all commodities, the more bulky ones especially, such as corn, coals, building materials, &c. conveyed coast-wise.

On the other hand, there may be, coincidently with a state of war in any particular country, circumstances arising from other causes calculated to

counterbalance, and even to outweigh, the tendency in question : —

1. Increased activity, industry, and intelligence, in the mass of the population, so that the portion remaining, after the abstraction of labourers for the purposes of war, may be able and willing to produce as much as, or even more than, was previously produced.

2. Increased disposition on the part of individuals to accumulate capital, so as to compensate for the war expenditure, without any diminution of the funds applicable to reproduction.

3. Improvements in agriculture and machinery, tending to increase reproduction with the same or less capital and labour.

4. Greater security of property relatively to other countries, thus inducing an influx of capital from abroad.

All these circumstances concurred in this country, during the whole of the last war, and the consequence was an increase of production and population *in spite of the opposite tendency arising out of a state of war.*

The effects, however, of the preponderating tendency of circumstances favourable to reproduction, as far as relates to agriculture, were repressed, or, at least, prevented from receiving their full development, by a course of seasons which were, as will be seen, more than usually unpropitious.

Although the war cannot be said to have operated upon the supply of agricultural produce of our own growth and of other native commodities, sufficiently to outweigh the circumstances favourable to reproduction, it operated most powerfully in increasing the cost of production, and in obstructing the supply of such commodities as we stood in need of from abroad. It is therefore to war chiefly as affecting the cost of production and

diminishing the supply, by obstructions to importation, at a time when (as it will appear hereafter), by a succession of unfavourable seasons, our own produce became inadequate to the average consumption, that any considerable proportion of the range of high prices is to be attributed. It is, in fact, only with reference to the nature and degree of the impediments to commercial communications, that the last war, as far as relates to prices, is to be distinguished from former wars — coinciding as it did with a succession of seasons which made us dependent on other countries for an adequate supply of food.

Gigantic and terrific as that contest was, of which it has been truly said, that “ compared with that crisis, there was nothing similar, unless it were that æra at which the irruption of the Barbarians subverted the Roman empire,” the effect of it upon prices would have been very different, if, allowing the same scale of military and naval operations, and consequently of war expenditure, it had been divested of its anti-commercial character; or if, possessing its anti-commercial character, it had not occurred contemporaneously with years of scarcity in this country, approaching in some instances to famine.

But the extraordinary nature of the contest should be more especially borne in mind, as a caution against drawing any inference from average prices during last war. The prices were regulated by the increase, which was *enormous*, of the cost of production arising from the obstructions to commercial intercourse, which were *peculiar* to the last war, and not, in all human probability, likely ever again to occur. To compare, therefore, the *average* prices of the last war with those of any preceding or succeeding period, is perfectly illusory for the purposes for which they have usually been brought forward.

PART III.

ON THE CURRENCY.

CHAPTER I.

GENERAL VIEW OF THE SUBJECT.

AT the time when the paper system was at its height, when there was the greatest difference between paper and gold, it was confidently maintained by the advocates of that system (and these then included not only the government, but the great majority of persons, and more especially of the mercantile class, who took part in the discussions on the subject), that it was not the paper that was depreciated by abundance, but the gold that had become scarce, and consequently that no part of the advance of the price of commodities was attributable to the Bank restriction. That doctrine seems now to be generally abandoned, and to have been replaced by one of an exactly opposite description. An opinion has since arisen and become almost universally prevalent, that a depreciation of the currency was *caused* by the Bank restriction, not merely to the degree indicated by the rise of gold above the Mint price, but to a much greater, and almost indefinite extent; and that the resumption of cash payments *caused* an increase of the value of the currency greatly beyond the difference between paper and gold.

So much of the discussions, which have arisen out of these opposing views, has turned on the word *depreciation* : it has been used in senses so various, in some being a matter of mere definition, but in no agreed acceptation ; in others, involving facts, or, rather, disputed assumptions of facts, leading to the most discordant conclusions, that it is impossible to advance a step, having for its object an explanation of the phenomena of prices during the period under consideration, without feeling the necessity of attempting to clear the ground of this difficulty, which presents itself *in limine* ; and the following explanations are offered accordingly : —

Depreciation of money, in its most extensive sense, is to be considered as signifying a diminished value, from increased quantity of money indicated by, and commensurate with, a general rise in the prices of commodities and labour. The term has not unfrequently been used to designate a rise of prices of some of the leading articles of consumption, without reference to the cause of the rise. But this use of it is evidently incorrect, and at any rate is inconveniently and unnecessarily ambiguous.

Depreciation, or diminished value of money, is, for the purposes, at least, of the present inquiry, to be understood as signifying an increased *price* of all objects measured in money, the alteration of price being assumed to have originated in an increase of the quantity of money, and to be confined to an alteration, exclusively on the side of the money ; while the cost of production, and the supply relatively to the rate of consumption of commodities, are considered to be unaltered.

Depreciation of money may be either general, as applying to the world at large, or local, as applying to a particular country or state. When

applied to the world at large, it is synonymous with a diminished value of gold and silver among all countries, which are in communication by international exchanges. This is the sense in which it has been used by the various authors, who have treated distinctly of the value of money, without reference to local currencies ; and when it is said, that since the discovery of the American mines, the value of money has been diminished to one fourth, or one sixth ; or, in other words, that prices have been raised by that event fourfold, or sixfold, it is meant that the rise of bullion prices to that extent has been general throughout the commercial world, according to certain laws, by which the distribution of the precious metals among different countries is regulated.

When applied to local currencies, the term depreciation of money has been used indiscriminately to signify a rise of prices, whether caused by a diminished value of the precious metals, or by a degradation of the standard, or by an excessive issue of paper.

If the value of a local currency is diminished by the same general causes only, which operate upon the value of money in the commercial world, it is hardly consistent with the correct use of language ; and at any rate it is inconvenient to apply to such diminished value the term *depreciation of the currency*.

Depreciation of the currency, as I conceive, must be, in strictness, understood to mean that state of it in which the coin is of less value in the market than, by the mint regulations, it purports to be, or in which the paper, if compulsorily current, is of less value than the coin in which it promises to be payable.

A debased coinage, or one subject to a seignorage, if not accompanied by a principle of limitation as to the total amount of money in circulation,

will naturally not be of the same value in exchange, as if the coin were perfect, or if a principle of limitation were strictly enforced and maintained *;

* As the principle of limitation here alluded to, through which alone a seignorage can be compatible with the maintenance of the full nominal value of the coin to which it is applied, may not be quite familiar to all my readers, I subjoin a short explanation of it from a paper which I delivered in to the Lords' Committee on the resumption of cash payments in 1819. (See Appendix to the Report, p. 181.)

"Seignorage is synonymous with debasement, unless connected with a principle of limitation.

"The rationale of this principle may be thus illustrated. Suppose the circulation of the whole country to be confined to gold, and to consist of twenty millions of sovereigns of the present weight and standard; if, by some sudden process, each piece were reduced by one twentieth, or five per cent., but the whole number of pieces strictly confined to the same amount of twenty millions; then, *other circumstances being the same*, the relation of commodities, &c., to the numerical amount of coin being undisturbed, there would not, it is evident, be any disturbance of prices; and if gold bullion in the market was previously at 3*l.* 17*s.* 10½*d.* per ounce, it would, other things remaining the same, continue at that price; or, in other words, 46*l.* 14*s.* 6*d.* in gold coin, weighing nineteen-twentieths of a pound, would purchase in the market a whole pound of uncoined gold of the same standard.

"But if the quantity of gold thus abstracted from each piece were coined into one million of additional pieces, and reissued into circulation, the twenty-one millions would then exchange for no more than the former twenty millions; all commodities would rise 5 per cent., and among them gold bullion, which would then be at 4*l.* 1*s.* 9¼*d.*; or, in other words, 46*l.* 14*s.* 6*d.* in coin would only purchase nineteen-twentieths of a pound of uncoined gold.

"This is the keystone to all reasoning on the subject of currency, and the application of it is clear enough as to the power of a state, by the monopoly of issue, to raise the nominal, compared with the intrinsic, value of the coin in a currency wholly metallic. The only limit to the extent of this power is the inducement to counterfeit on the genuine metal; and this limit I am inclined to think is much wider than is commonly imagined.

"But there is a difficulty in the application of the limiting principle to a seignorage on the coin, as in the case of our gold coin, where it circulates along with paper; for, as has been justly remarked by Mr. Ricardo, on the supposition which he makes of a seignorage of 5 per cent. on the gold coin, the cur-

and the difference will be marked by an excess of the market price above the mint price of the metals.

With regard to the term *depreciation*, as applied to paper, if bank promissory notes be issued in a deteriorated state of the coinage, and be really convertible on demand into the coin in which they purport to be payable, they cannot be said to be depreciated: the actual payment is equal to the promise to pay; the fault is in the coinage, not in the paper. There may, therefore, be a depreciation of the currency in which paper circulates, and an increase of the market price above the mint price of the metals, without any depreciation chargeable to the paper: such was the state of the currency in this country immediately previous to the great reformation of the gold coin in 1773.

But if the metallic part of the currency be really deteriorated, and if the paper, which purports to be payable on demand in that coin, be not so in fact, and cannot command as much gold or other commodities in this market *and* in foreign markets, as the same nominal amount in coin would do, the paper is depreciated, and the measure of its depreciation is the difference of the quantity of gold which the coin and the paper can respectively purchase.

In a perfect state of the coin, provided the exportation and melting of it be allowed, there cannot, it is evident, be an excess in the market price above the mint price of the metal, as measured in coin. It is possible, in such a case, that the coin may, even

rency, by an abundant issue of bank notes, might be depreciated 5 per cent., before it would be the interest of the holder to demand coin for the purpose of melting it into bullion. A remedy is suggested by him, viz. that the holders of bank notes might demand bullion and not coin in exchange for them, at the mint price of 3*l.* 17*s.* 10½*d.*"

without a seignorage, be *more* valuable than bullion; but it is hardly conceivable that it should be less valuable: if, therefore, in a perfect state of the coin, there be in general circulation bank notes which, by law or custom, pass current in all transactions; and if, under these circumstances, the market price should be above the mint price of gold—the whole of the difference would constitute the exact measure of the depreciation of the paper.

Till, however, the act of 1819, the gold coin, although not materially deteriorated, could not by law be exported or melted; if, therefore, there happened to be an extra demand for gold, for exportation or for consumption in domestic manufacture, the price of bullion might rise above the mint price by the amount of the risk of the penalty on the export or melting; and this difference might, for limited periods, exist in a purely metallic currency consisting, it is true of undeteriorated coin, but of coin rendered less valuable by being divested by law of some of the uses to which it might otherwise be applied. This difference has been variously estimated. In the treatise by Lord Liverpool “on the Coins of the Realm,” one per cent. is considered as the measure of the risk of exporting coin. In the evidence, however, before the Bullion Committee of 1810, it was stated, that the difference between the value of gold bullion that might be sworn off for exportation, and that of the gold produced, or supposed to be produced, from our own coin, amounted to between 3*s.* and 4*s.* per ounce.

As far, then, as this difference goes, an allowance may be made in deduction, under the circumstances supposed, from the excess of the market price above the mint price of gold, as a measure of the depreciation of bank notes previous to the passing of Peel's bill. There may, therefore, it is evident, be cases—rare ones indeed, and to so small an extent that they may safely be neglected—in which the depreciation of paper may

not be considered as being exactly commensurate with the excess of the market price above the mint price of gold. And to this limited extent is there a difference in estimating the depreciation of bank notes, according as the standard is assumed to have been bullion or coin.*

According to the foregoing explanation of the term depreciation, as applied to coin or paper, it is to be distinguished from a *diminished value* of the currency.

By *alterations in the value of the currency* are to be understood variations of the combined value of bullion and coin and paper, or, in other words, of the standard as well as of the coin and paper. For instance, if, while the market price of gold should be 10 per cent. above the mint price, indicating a depreciation of the paper, or coin, or both, to that extent, gold, or, in other words, the standard itself, should, from a great diminution of the produce of the mines, or from extended functions, (as for military purposes or hoarding, or for a circulation retarded by want of confidence and credit, or for a very general substitution of gold for paper,) become more valuable by 10 per cent., then although the currency would, according to the definition, be depreciated to that extent, *i. e.* be less in price than it ought legally to be, yet,

* But it was not a difference to this limited extent that was involved in the controversy between the Bullion Committee of 1810 and their opponents, upon the question whether coin or bullion should be assumed as the standard by which the value of bank notes was to be measured. It was distinctly on the ground, and on the ground only, that coin and not bullion was the standard of the paper, and that bank notes were applicable to all purposes to which coin was *lawfully* applicable, that Mr. Vansittart, in May, 1811, brought forward, and prevailed on the House of Commons to pass, his resolution of unhappy celebrity, declaring, "that the promissory notes of the Bank of England had hitherto been, and are now held, in public estimation to be equivalent to the legal coin of the realm, and generally accepted as such, in all pecuniary transactions to which such coin is lawfully applicable."

the standard itself being increased in value in the same degree, there would be no alteration in the *value of the currency*. On the other hand, if while paper and coin were depreciated by excess or debasement 10 per cent. compared with *their* standard, and the standard itself *gold* were, whether from increased produce or diminished functions, reduced in value likewise 10 per cent., I should say that the alteration in the *value* of the currency generally was to the extent of 20 per cent. But if the metal of which the standard is composed were assumed to be of uniform value, the variations of the value of the currency would then, and then only, be measured by the degree of conformity of the paper or coin to its standard.

Of variations in the value of the standard itself there is no infallible criterion. Variations, therefore, in the value of the standard, if they occur, can only be inferred from variations of considerable extent and duration, in the bullion prices of commodities and labour, in cases in which these variations do not, according to the widest induction of facts, admit of being accounted for, by circumstances which may have influenced the prices of the commodities and labour in question, independently of the supposition of any alteration in the quantity or rate of circulation of the currency.*

* These definitions correspond with the sense in which Mr. Ricardo has used the terms "depreciation of the currency," and "value of the currency;" and he fully and accurately defined and illustrated his meaning, in his speech of the 12th June, 1822, on a motion of Mr. Western. The following is an extract from a printed copy of that speech:—

"Now the whole difficulty, in reference to this part of his opinions, was as to the meaning of the word 'depreciation:' it was quite evident that his opponents and himself attached a different sense to that word. Suppose the only currency in the country was a metallic one, and that, by clipping, it had lost 10 per cent. of its weight; suppose, for instance, that the sovereign only retained nine tenths of the metal which by law it should contain, and that, in consequence, gold bullion, in such a medium,

These definitions and the deductions from them will, probably, by those whose opinions I am about

should rise above its mint price, would not the money of the country be depreciated? He was quite sure that his opponents would admit the truth of such an inference. It was quite possible that, notwithstanding this depreciation, some of those general causes which operate on the value of gold bullion, such as war, or the mines from which gold is annually supplied becoming less productive, that gold might be so enhanced in value as to make the clipped sovereign comparatively of greater value in the market than it was before the reduction in its weight. Would it not then be true that we should possess a depreciated currency, although it should be increased in value? The great mistake committed on this subject was, in confounding the words 'depreciation,' and 'diminution in value.' With reference to the currency, he had said, and he now repeated it, that the price of gold was the index of the depreciation of the currency, not the index of the value of the currency, and there he had been misunderstood. If, for instance, the standard of the currency remained at the same fixed value, and the coin was depreciated by clipping, or if the paper money were depreciated by the increase of its quantity 5 per cent., that fall, and no more, would constitute the alteration in the price of commodities, as affected by the depreciation of the currency. If the metal gold (the standard) continued of the same precise value, and it was required to restore the currency, depreciated 5 per cent., to par, it would be necessary only to raise its value 5 per cent., and no greater than that proportionate fall could take place in the price of commodities. In these cases he had supposed gold always to remain at the same fixed value; but had he ever said that there were not many causes which might operate on the value of gold as well as on the value of all other commodities? No, he had not, but just the contrary. No country that used the precious metals as a standard was exempted from variations in the prices of commodities, occasioned by a variation in the value of their standard. To such variations we had been subject before 1797, and must be subject to again, now that we have reverted to a metallic standard."

On this I have further to remark, that if the currency consisted exclusively of coin, and if that coin were reduced in value below its legal standard, whether, by increased alloy, or diminished weight, uncompensated by any principle of limitation of issue, the simplest term to apply to that state would be "debasement of the currency." All ambiguity arising from the word depreciation, in a case where the value of the metal had risen in a degree beyond the degree of debasement of the coin, would thus be avoided. But, in the case of paper issued to such an extent as

to examine, be admitted to prove the depreciation of the currency, during the Bank restriction, to the extent for which I contend; but those persons maintain that the alterations in the value of our currency, that is, in the value of the metals as well as in the value of the paper measured by the metals, as a consequence of the suspension of cash payments, were greater than can be inferred by a reference to those tests; that those tests may be allowed in proof of the minimum, but *not* of the maximum, of its effect on the prices of corn and other commodities. That in fact, though other causes may have concurred in producing the elevation of general prices in this country between 1797 and 1814, and the decline since that period; such other causes, whether in detail or collectively, sink into utter insignificance, compared with the *alterations in the system of our currency*. Now, as in one part of that period the prices of necessities, and of many other articles, advanced to the extent of from 50 to 100 per cent. and upwards, and have subsequently declined to, or below the level from which they had risen; and, as the average excess of the market price above the mint price of gold did not, in the first twelve years after the suspension of cash payments, exceed about 4 per cent., nor on the average of the succeeding five years about 20 per cent., we have to seek in the *mode of operation* of the Bank restriction, and in the state of facts connected with prices of commodities, for all the excess of the alleged effect, beyond the mere difference between the paper and its standard.

to reduce its value, and that of the coin in which it professed to be convertible, below the standard, the term debasement would hardly be allowed as applicable to the currency in general: if it were so, I should prefer that word. But, as it is, I am not aware of any adequate substitute for the term depreciation of the currency, in the sense to which I have confined it.

CHAP. II.

ARGUMENTS OF THOSE WHO ASCRIBE A GREATER EFFECT TO THE BANK RESTRICTION THAN THAT INDICATED BY THE DIFFERENCE BETWEEN THE MARKET PRICE AND THE MINT PRICE OF GOLD.

THE arguments in support of the opinion that the value of the currency was depreciated by the Bank restriction, and enhanced by the resumption of cash payments, in a much greater degree than that indicated, at any time, by the difference between paper and gold, proceed upon the following grounds:—

1. That the banishment of the metals, gold principally, from the circulation of this country during the restriction, and the recall of them for the resumption, affected in a considerable degree the value of gold and silver in the commercial world, diminishing their value during the former, and increasing it in the latter period.

2. That the compulsory paper system established by the Bank restriction, had the effect of "*heightening*" all those expedients to which a prosperous state of society naturally gives birth, for economising the circulating medium, bringing the whole of it into activity, and multiplying it virtually by the substitution of credit for currency.

3. That the restriction was the cause of excessive issues from the Bank, a fact which is (assumed to be) hardly open to dispute, and that, if so, it must be charged with producing that excessive issue of country paper also which was an invariable concomitant of Bank of England paper.

4. That "the increase of prices was progressive from the year 1797 to 1814, subject only to such fluctuations as arise out of the nature of the respective commodities;" and "that it was not accompanied by a growing difference in the value of Bank paper and gold." "That the constant and invariable connexion of increase of price with the Bank restriction, is a forcible proof of such a relation as that of cause and effect subsisting between the two phenomena;" and "that the near approach of the termination of that restriction has produced a fall of prices, greatly exceeding the difference between paper and gold; thus still further corroborating that connexion, and proving, almost demonstratively, that the prices from 1797 to 1814 were, to a certain degree, artificial; and that the comparison of paper with gold, during that period, did not afford a test of the real amount of the fall in the value of the currency."

This summary of the arguments in support of the doctrine of the indefinite depreciation of the currency caused by the Bank restriction, is extracted from the Quarterly Review, vol. xviii., and was referred to in a former publication of mine, entitled "Thoughts and Details on High and Low Prices," as the ablest and most compendious exposition which had then appeared of that doctrine. And among the numberless publications and speeches in which the doctrine in question has been since asserted and maintained, there are none in which the supposed grounds for it, untenable as I consider them to be, are more fully and intelligibly stated. These arguments, therefore, as thus set forth, it is now proposed to examine under their several heads.

SECTION 1. — *On the alleged Effect of the Bank Restriction in depreciating the Value of the Precious Metals.*

The only ground that is at all intelligible for the opinion that the value of gold was depreciated during and by the restriction, and increased in value subsequently to and by the operation of Peel's bill, is that by which it is to be inferred,

“That the banishment of the metals, gold principally, from the circulation of this country during the restriction, and the recall of them for the resumption, affected in a considerable degree the value of gold and silver in the commercial world, diminishing their value during the former, and increasing it in the latter period.”

Of this theory it is to be observed, in the first place, that the cause assigned is wholly inadequate to have produced any considerable effect on bullion prices, supposing it to have been uncompensated by circumstances of an opposite character; and in the next place, that, in point of fact, circumstances did occur of a description calculated, at least, to balance, if not to outweigh, the alleged effect; and lastly, that the periods of the highest prices on the Continent do not accord with those of the greatest disengagement of the metals from this country, or the periods of the lowest prices abroad, with the greatest influx of bullion into this country.

The amount of gold coin circulating in this country previously to 1797, has been variously estimated. Mr. Rose, in his speech on the bullion question, in 1811, entered into an elaborate statement, with a view to prove that the amount of gold coin in circulation, previous to the Bank restriction, was at least forty millions.*

* Mr. Rose, in the speech here referred to, rested his computation upon the returns of the Mint from the great recoinage in 1773 to 1798, making an aggregate of the amount of gold

The first Lord Liverpool, in his "Treatise on the Coins of the Realm," stated it at thirty millions. In the Lords' Bullion Report, 1819, page 11., the amount is assumed at twenty-five millions. Mr. Whitmore (Bullion Report, 1810, page 120.), and Mr. Harman (Commons' Report, 1819, page 40.), computed that it did not exceed twenty millions in the three years preceding the Bank restriction.

Upon this last estimate, the writer of an able article in the Supplement to the "Encyclopedia Britannica," under the title of "Money," remarks, that though it is probably rather below the mark, there are good grounds for concluding, that it is the most accurate of any that have hitherto been framed, and that it has come as near the truth as is perhaps possible in such matters. Allowing, therefore, that this last sum is a little, or only a little, underrated, and that, consequently, the estimate in the Lords' Report is decidedly beyond the mark, a medium between these will leave about twenty-two millions and a half, as the utmost probable amount of gold coin in circulation previous to 1797.

coined of 43,355,119*l*. And, as he considered that there having been in that interval no temptation to send coin out of the kingdom, or to melt it, the price of gold never having exceeded the Mint price in that whole period (except in a few months 1½*d*. an ounce, in 1783), and was generally below it, the coin in circulation might be fairly estimated at 40,000,000*l*., after making a large allowance for wear, &c. But he evidently underrated the inducements to export and to melting of the coin, for although the market price of standard gold was not, and, as the paper was convertible and the coin perfect, could not be for any length of time, much above the Mint price, the exchanges were, for considerable intervals during the American war, so much below par, and the price of *foreign* gold so much above the Mint price, as to induce a considerable exportation and melting of gold, notwithstanding the penalties attached to it. And so far from supposing that a sum of about 3½ millions would cover both the exportation and the wear, &c. in the long interval of twenty-five years, it must obviously be much more probable, that not much short of one half of the amount that had been coined must have disappeared by exportation, melting, wear, and loss.

That this estimate is not very wide of the truth, may be concluded from a reference to the amount of sovereigns issued by the Bank from May, 1821, to the end of June, 1824. This comprises the interval from the first issue till the time when the circulation may be considered to have had as large an amount of gold, less the amount of country small notes, as it had before 1797. The amount issued within the above interval was,

In sovereigns and half-sovereigns, 16,671,030*l*.

To this add country small notes,

a large estimate - - - 5,500,000

22,171.030*l*.

There were considerable additional issues of sovereigns after June, 1824; but, as the exchanges then became adverse, those further issues were probably exported, or replaced only those which had been exported.

Assuming the amount to have been, on the grounds stated, at the utmost 22½ millions, there is to be deducted the quantity that was hoarded in this country; an amount that must have been probably much larger than has commonly been supposed. There was scarcely an individual of a class above that which is limited to the means of bare subsistence, who had not a hoard, greater or less, of guineas that were put by as a provision against the various contingencies which were considered as endangering the value of paper, either in degree, as by depreciation, or totally, as by foreign invasion or domestic convulsion. And in proof of the existence of the practice of hoarding to a considerable extent, it may be sufficient to refer to the fact, that between the summer of 1815 and that of 1817, when peace had been fully established, and a new gold coinage was about being issued, and when, by the notices from the Bank of partial

payments in specie, there was a near prospect of the complete restoration of the value and security of paper, large sums of guineas were poured into the hands of the London bankers, by their correspondents in the country, and by their customers in town. Those sums have been variously estimated: but, upon the whole, it is probable that an allowance of from four to five millions would be rather within than beyond the mark.

The following quotation from the evidence of Mr. Stuckey, an eminent banker in Somersetshire, given before the Lords' Committee of 1819, will serve as an instance of the extent of the practice of hoarding:—

“In 1817, we had a circulation of guineas, which we found very inconvenient. It cost us near 100*l.* to transmit gold and silver to London in the first six months of the year 1817. People were then in the habit of coming to our bank with guineas, requesting we would give our notes for them. I suppose they had been hoarded. I brought up 1000 guineas in May, 1817, and taking them to our London banker, they requested as a favour I would not leave them; they had lately sent in so many to the Bank of England, that they did not like to trouble them any more. Besides, the Bank only took those which were quite full weight. The result was, that I took them to a dealer in coin, and sold them at 3*l.* 17*s.* 6*d.* per ounce.”

Among other inducements to bring out hoards in 1816, one was, that light guineas, which had been previously of *more* value than those of full weight, from being legally saleable, were, in consequence of the fall in the market price of gold, becoming of *less* than the current value.

Mr. Huskisson expressed his opinion of the extent of the practice of hoarding, in the following passage of his pamphlet on the currency question, in 1810:—

“A great quantity of gold, which is now hoarded, would also make its appearance, if guineas were restored to their use and value as currency. In this respect, the country is in the same situation as it was in King William's time, when our metallic currency was so much depreciated. Before the determination to restore that currency to its standard, pieces of full

weight were as scarce as guineas are *now*; but when that determination was taken and carried into effect, a great quantity of good money which had been hoarded, was brought back into circulation."

The treasure in the coffers of the Bank during the twelve years immediately following the restriction, was larger, too, than it had been on the average of the five years preceding that measure.*

And, although guineas rarely appeared in circulation, yet there were cases of payment, for which they were reserved: Mr. Rose, in his speech on the bullion question, in 1811, supposed although as a high estimate, that three millions might then be still in circulation.

From these considerations it should seem, that a sum of from twelve to fifteen millions is an ample allowance for the quantity of gold which went to increase the mass of the precious metals in the rest of the world, and which, so far as it went, must have tended, *cæteris paribus*, to diminish their value in the rest of the world.

In estimating what effect, *other things being the same*, the addition of twelve or fifteen millions to the circulation of the rest of the commercial world might have on general prices, or, in other words, on the value of the precious metals, as compared with corn and other commodities, it would be requisite to have some idea of the total amount of gold and silver existing in the world for the general purposes of use and ornament, viz. as coin, bullion, plate, and jewellery. By some authorities the total amount has been computed as high as two thousand

* There cannot be a stronger ground of presumption that the Bank had in view the eventual resumption of cash payments, than that which is afforded by the large amount of treasure in its coffers, on an average of the twelve years immediately following the suspension; for if it had not been for that view, there could have been no possible motive on the part of the Directors to forego the obtaining for their proprietors the interest which would be made, or saved, by selling, and, at any rate, by not buying bullion.

millions. But Mr. Jacob, in his valuable work "On the Production and Consumption of the Precious Metals," computes, vol. ii. p. 347., the existing amount of coined and uncoined gold and silver in Europe and America, and Asia, about twelve hundred millions. And, as in his computations, he appears to be disposed in no case to overrate the production, while on every occasion he gives the utmost weight to the causes of increased consumption, that amount may safely be assumed as the lowest upon which the quantity disengaged, and resumed in consequence of the restriction and resumption of cash payments can have operated. There is little hazard, therefore, in assuming, that the addition or abstraction of from twelve to fifteen millions, *other things remaining the same*, would make little more than 1 per cent., and certainly not 2 per cent., difference in their value.

In this view of the utter inadequateness of the quantity of gold disengaged from, and eventually restored into, the circulation of this country, to have produced any sensible impression on the value of bullion, I have the concurrence of very eminent authorities. Mr. Malthus, in a publication entitled "On the Measure of Value," 1823, when referring to the fall in the price of labour, as indicating a greater difference than that between paper and gold, adds,

"This difference, of course, includes the effects which have been attributed to the purchases of the Bank, with a view to a return to cash payments, the amount of which separately it is scarcely possible to calculate; but I am inclined to agree with Mr. Tooke in thinking that it is not above one or two per cent."

Mr. Senior, in a very luminous exposition of an ingenious theory, the object of which is to account for some remarkable differences in the quantity of silver awarded as the price of labour in different countries, has the following passage:—

“ It is a lamentable proof of the public ignorance on these subjects, that the general fall of prices, or, in other words, the increasing difficulty of obtaining the precious metals, of which every one is sensible should, by almost every one, be attributed to some causes of almost ridiculous inadequacy. It has been attributed to our return to a metallic currency, as if the subtraction of twenty millions of sovereigns, or less than four hundred thousand pounds troy of gold, from the ten millions of pounds troy of gold bullion coin, and plate, supposed to be in use throughout the world, that is, the removal of one twenty-fifth part, could sensibly affect the value of gold. It has been attributed even to the substitution of gold and silver for the three or four millions of one-pound notes lately called in, as if the value of the two thousand millions sterling of gold and silver bullion, coin and plate, could be materially affected by the subtraction of less than one five-hundredth part of it.” — *On the Cost of obtaining Money*. 1830. P. 21.

The arguments and authorities already adduced, show how insignificant this supposed influence must have been ; but an important fact may here be referred to, as affording, by analogy, a strong confirmation of that conclusion. The fact alluded to, as bearing upon the question of the currency, was first noticed, as far as I am aware, by the late Lord King, in a publication which, at the time when it appeared, deservedly attracted great attention.

“ On the supposition of the whole quantity of gold and silver remaining the same, they must, in a certain degree, be rendered cheap by every increase of paper currency. But as these metals are in universal request, and circulate more generally than any other articles of commerce, the effect thus produced cannot be partial, but must extend to all other countries ; and it will, therefore, follow that the actual reduction in the value of gold and silver which is produced by the paper circulation of any particular country, is in the proportion of the amount of such circulation to the whole quantity of the precious metals, applicable to the purposes of coinage and commerce throughout the world. It is probable that this proportion can never be very great ; and experience seems to show that no considerable depreciation is ever produced in this manner. Previous to the revolution in France, the currency of that extensive country was carried on almost entirely in silver ; and the rapid emission of *assignats*, which was the consequence of that event, must have very suddenly withdrawn a considerable quantity of that metal from circulation. Yet this violent operation does not

appear to have produced any perceptible effect on prices, or even on the value of silver in Europe." — *Thoughts on the Bank Restriction*, 1804.

The circumstance alluded to by Lord King, namely, the total absence of any observable effect on bullion prices, by the large amount of gold and silver displaced from circulation in France as coin by the assignats, in the early part of the revolution, appears to be quite decisive against the hypothesis of a considerable influence on the value of the metals, by the quantity disengaged from the circulation of this country. The amount of coin circulating in France, immediately previous to the revolution, has, by some authorities, been computed at nearly a hundred millions sterling; but according to Peuchet, whose estimate appears to be formed upon the best grounds, the amount was about seventy-four millions. Nearly the whole of this was banished from circulation, when the system of terror was at its height between 1790 and 1794. It is probable, that some portion of the coin displaced by the assignats, was retained in a dormant state in France; but there can be no doubt, that a considerable proportion must have been brought away, as being the most portable and valuable description of property, by the numerous emigrants from thence to the other parts of Europe, and chiefly to this country; besides that, the export of coin was a necessary effect of the great fall of the exchanges of France on other countries. Supposing that only about one half of the coin was exported from thence, it would amount to no less than about thirty-six millions of gold and silver, suddenly added to the circulation of the rest of the world, and in the first instance to that of the rest of Europe. To this vast amount of gold and silver, in the shape of coin, must be added a great quantity of plate belonging both to the churches and to individuals, which must have found its way

out of France about the same period. If then, there was no distinctly perceptible increase of the bullion prices of commodities between 1790 and 1794, notwithstanding the addition of about forty millions from France to the rest of Europe, the effect of less than half that amount disengaged from the circulation of this country cannot but have been most insignificant. It must therefore be evident from these considerations that the utmost effect of the disengagement and re-absorption of gold and silver, by the circulation of this country, must have been hardly perceptible on prices, supposing other things to have remained the same.

But other things were *not* the same. For while, as a consequence of the Bank restriction, about twelve or fifteen millions of our coin may be supposed to have gone abroad, there was, in consequence of the wars on the Continent, which were, with few intervals, coincident with the period referred to, a great and unusual demand for the precious metals. The military chests and the treasuries of the great belligerent powers, whose operations were on so vast a scale, necessarily absorbed a very large amount of specie. And it may be a question whether a still larger amount was not absorbed by the very extensive practice of hoarding which prevailed among the inhabitants of those states of the Continent which were either the seat of war, or which had issued paper to excess. There were likewise some periods of the war, particularly the interval between 1808 and 1813, when, by the violent anti-commercial decrees and regulations of the French government, there was great difficulty and danger attending the transmission of bills of exchange, and when, in fact, commercial operations, depending on credit, were nearly suspended. Such obstructions to circulation were equivalent to a diminution of the quantity of money.

So striking were these circumstances, both separately and collectively considered, that they were, by the great majority of those who at that time took a part in the discussions on this subject, appealed to as very much outweighing the effect of the quantity of gold rendered available for the purposes of the Continent, by the substitution of paper in this country. It was, as has before been stated, the general answer to all charges against the conduct of the Bank, in suffering the depreciation of its notes, that gold had become scarce, and not paper overabundant: and it must be admitted, that there was ground for so much of the answer as went on a *primâ facie* presumption that gold had become somewhat scarce relatively to a former period; or, that supposing the precious metals to have been otherwise of a given value, the obvious effect of the war, and of the peculiar circumstances attending it, was to enhance their value. Accordingly, the Bullion Report of 1810 (p. 2.), nearly at its outset states as follows:—“ It will be found by the evidence, that the high price of gold is ascribed by most of the witnesses entirely to an alledged scarcity of the article, arising out of an unusual demand for it upon the Continent of Europe. This unusual demand for gold upon the Continent is described by some of them as being chiefly for the use of the French armies, though increased also by that state of alarm and failure of confidence which leads to the practice of hoarding.”

It seems hardly possible to resist the conclusion that under these circumstances there must have been a greatly increased demand for the precious metals, and a consequently increased value of them during the war, *more than sufficient* to compensate for the utmost quantity spared from circulation as coin in this country, or even for the utmost rate of annual increase from the mines.

An important circumstance, too, may here be

noticed, as affecting the value of the precious metals in Europe during the periods under consideration, and that is, that whereas, previously to 1820, the exports of the precious metals, chiefly silver, to the East Indies and China were on a large and increasing scale ; insomuch that in the three years ending with the season of 1819-20, the balance of import of treasure *into* India, on the Company's and private account, amounted to nearly nineteen millions sterling ; the stream had, after 1821, reversed its course, and for some years thenceforward there was a balance of export *from* the East into Europe.

Much stress has been laid upon the circumstance of Russia, Austria, and the United States of America, having at the same time with this country substituted a paper for a metallic circulation, thereby further diminishing the value of the metals during the war and the restriction. But it will be found that the facts are erroneously assumed.

Russia had established a compulsory paper currency for many years before our Bank restriction, and the circulation of that empire was as fully saturated with paper to the exclusion of the precious metals before the year 1797, as at any subsequent period. *

Austria had but little of a pure metallic currency remaining in 1797. And that country being often

* But not only, however, did Russia not add to the mass of metals by disengagement from her circulation, but, in truth, she absorbed a considerable amount of bullion in 1812 ; for the fact is, and rather a curious one, that the value of the Russian paper money *increased* coincidently with the advance into that country of the French armies ; insomuch that the exchange for the ruble, which, a few months before, had been 14*d.*, rose, by the time they reached Moscow, to 21*d.* Thus gold and silver formed the best remittance from this country to Russia, in exchange for her produce, which was then in great demand, from the fear that the French might cut off all further supplies : accordingly, a good deal of specie was sent thither, and probably did not return from thence till between 1814 and 1816, when the exchange fell again below its former lowest level.

the seat of war, the tendency among its inhabitants to hoard what gold and silver they could collect beyond their immediate necessities for expenditure, would probably more than compensate for the quantity liberated by paper issues from circulation as coin. The same remark applies to Prussia and the minor German States.

The United States of America never till recently possessed any large stock of the precious metals in circulation as coin. And it was not till 1812, after all the phenomena of high bullion prices had occurred, that there was any general suspension of payment by their banks.

It is clear, therefore, that no part of the high bullion prices during the war and the restriction can be accounted for by any increased quantity of the precious metals disengaged from the circulation of the countries just mentioned. If, however, there had been such increase, it might indeed have been an accessory circumstance in producing the depreciation of the metals which is alleged. But if a depreciation from this cause did occur, it has not and ought not to have any connexion with the question, how far the Bank restriction caused a diminution of the value of gold, or a rise of bullion prices beyond the difference between paper and gold in this country. As far as regards the disengagement, if such there had been, of the precious metals from other countries, coincidently with our Bank restriction, there would equally, to whatever extent that cause might be supposed to operate, have been a rise of bullion prices if the paper of this country had continued to be convertible.

The same observation applies to the effects of the varying produce of the mines of gold and silver. If the increased produce of the mines, anterior to 1819, was an element in the high range of prices, and if a diminished produce subsequently had been one of the causes of the lower range, these causes of variation of bullion prices must be viewed as totally distinct from

Whenever a reference has been made to the rise of bullion prices in other countries, prior to 1819, and to the subsequent fall, the only answer given has been that the alterations in our currency deranged the currencies of other countries. But we have never been told in what way our alterations produced that effect, with the single exception of the supposed influence of the quantity of gold disengaged from this country on the value of that metal in the rest of the world.*

Independently of the argument derived from the insufficiency of the cause assigned to have produced the alleged effect, it will be seen in the historical sketch which will be found in the further part of this work, that the great variations of bullion prices abroad do not correspond, in point of either time or magnitude, with the variations in the quantity of metals disengaged from use, and resumed as coin in this country.

This cause, therefore, namely, the quantity of bullion disengaged from circulation as coin by the suspension of cash payments in this country, and added to the general mass in the rest of the world,

those which can be imputed to alterations in the *system* of our currency. But in the opinions which prevail among the supporters of the ultra doctrine of depreciation, there is an extraordinary confusion of ideas in blending as the effects of the Bank restriction, and of the resumption of cash payments, variations (greatly exaggerated, if existing at all) in the value of the metals, arising from causes avowedly distinct, by the very assignment of such causes, from the possibility of having been produced by the operation of the measures affecting exclusively the footing of the currency of this country.

* The influence here alluded to of our currency on the currencies abroad does not refer to the occasional fluctuations arising from speculations and operations on credit, and from the necessary reactions which communicate themselves to those countries abroad with which we are in commercial connection. The argument in the text is confined to a supposed influence, which applies to the whole period of the restriction in raising prices, and of cash payments in reducing them.

may be considered as wholly inadmissible in accounting for any part of the great elevation of prices observable at different periods during the restriction.

But if the addition to the general mass of the precious metals, by the substitution of paper for coin in this country, pending the Bank restriction, cannot, on the grounds which I have stated, be fairly inferred to have produced, under any circumstances, a sensible effect on the value of those metals; and if there were circumstances such as those already mentioned, which were calculated, at least to compensate, if not to outweigh that effect: then it follows, by parity of reasoning, that the re-absorption, by the resumption of cash payments, of a similar amount of bullion to that which had before been spared, cannot have been attended with a greater effect in an opposite direction. This must be understood *mutatis mutandis*, viz. the disengagement of the sums employed for military purposes, and the return of security to commercial intercourse, renewing the facilities of circulation on the Continent, and diminishing the inducement to hoarding.

Having thus offered arguments, which to my mind are conclusive, against the presumption of any sensible effect from the alterations in the system of our currency, under the circumstances in which they took place, on the value of the precious metals in Europe, I shall proceed to examine what influence may be ascribed to the second class of circumstances, which, as a consequence of the Bank restriction, are stated to have affected the value of the currency in this country, in a much greater degree than that indicated by the difference between paper and gold.

SECTION 2. — *Effect of the Bank Restriction on the economised use of Money.*

The expedients for economising the use of the currency, although they date from a period long anterior to the Bank restriction, and certainly had their origin in causes wholly distinct from it, did experience a considerable improvement about that time. But the economising practices which were then in progress, have not only subsisted in full force since the resumption of cash payments, but have experienced further improvements. Allowing, however, for the sake of argument, that the Bank restriction was the cause of greater economy in the use of the currency, and that this greater economy was one of the causes of a diminution of the value of the currency, beyond the degree indicated by the difference between paper and gold, how happens it that, although all the refined machinery of the banking system subsists unimpaired, and is perhaps undergoing further improvements, it has no longer the depreciating effect ascribed to it? * Really, in order to have been good for any thing in the argument which it was brought forward to support, this

* It was on the ground of the economised use of the currency that the Bullion Committee of 1810 endeavoured to account, consistently with their view, for the striking and rather puzzling fact of the very small numerical increase of Bank notes to which they ascribed such depreciating effects. Their inference, from the improvements referred to, might have been justified if it had been found that the price of gold had not fallen until the amount of Bank notes had been reduced, as compared with that which had been pronounced to have been rendered excessive by those improvements. Whereas, while the economy in the use of the currency was undergoing progressive improvement, an increased amount of Bank notes was found to be requisite for the transactions of the country, consistently with a fall of the market price of bullion to its Mint price, and with a much greater fall in the prices of commodities.

economy of the currency should have been proved, not only to have arisen from, but to have terminated with, the restriction : and it is proved to have done neither. On the contrary, while the prevailing complaint is of a tendency the very reverse of diminution in the value of the currency, it is notorious that circumstances are in progress calculated still further to economise the use of it. Not only are improvements daily taking place among the bankers, in their payments on the largest scale ; not only is the practice of lodging money with a banker becoming more general, as including a large proportion of the smallest classes of tradesmen ; but there is less detention in the very minutest channels of circulation, inasmuch as, by the institution of savings' banks. the most inconsiderable sums, which must, but for this mode of investment, have been dormant as petty hoards in the hands of mechanics and menial servants, have become, and are becoming daily, more available to swell the amount of currency applicable to general purposes.

So large is the aggregate saving of the use of Bank notes and coin, from the foregoing causes, which have acquired their principal activity since the termination of the Bank restriction, and which have not yet apparently reached their utmost development ; that, notwithstanding the extended functions of money consequent on an increased population, and on an enlarged scale of pecuniary transactions, it is perfectly conceivable that a smaller numerical amount of coin and bank notes is now requisite to circulate commodities at the same prices than before that period.

We may therefore safely dismiss the economised use of the currency from the list of causes concurring to produce the *diminution and subsequent increase* of the value of the precious metals, resulting from the restriction and resumption of cash payments by the Bank.

SECTION 3. — *Effect ascribed to the Bank Restriction of the Substitution of Credit for Currency, and of the excessive Issues of Country Paper.*

The next effect ascribed to the Bank restriction is “the multiplication of the circulating medium virtually by the substitution of credit for currency.”

The manner in which the Bank restriction is supposed to have produced these effects, is thus stated in the review already quoted: —

“In such a system, country banks find a less stock necessary to answer demands than they would keep if liable to pay in specie. In the former case, one in twenty is deemed sufficient; in the latter, one-fifth, or perhaps one-fourth, would be the safe proportion. The moral certainty that a banker feels, that he shall not be called upon to discount his own notes, is a strong temptation to issue them to the utmost practicable extent. He sets all the canvass his vessel will carry, more than in common prudence he would do if there were any apprehensions of a coming gale. But the Bank restriction was a kind of security against all sudden and unexpected movements, a sort of monsoon, which, after passing one session of parliament, he was sure would continue to the next; and while that lasted, nothing was likely to happen that could disturb its course.”

“All the merchants examined agree in stating, that country paper increased with the increase of Bank paper. If, therefore, the Bank restriction was the cause of excessive issues from the Bank — a fact which is at this time hardly open to dispute — it must be charged with producing that excessive issue of country paper also, which was an invariable concomitant of the other.”

“It has already been observed, that the power of procuring money, if wanted, is tantamount to the actual possession. To use a scholastic phrase, money *in posse* is equivalent for all purposes of trade to money *in esse*: it gives an equal spirit of enterprise to the buyer; and, when that power is become notorious, equal confidence to the seller. Now, it cannot be doubted that this hypothetical wealth was greatly augmented, by the system of the Bank restriction. If the Bank was always ready to discount bills upon real mercantile transactions; if country banks, in imitation of this example, did the same; not only were transactions entered into which, without such facility, never could have taken place, but numerous contracts were effected for which actual payment was not required at the time, and was, in fact, never made; other transactions in the mean time

having taken place which either directly or indirectly had the effect of balancing these ; thus performing, without regular book entries, the very office of a bank : the seller building as securely upon the credit of the buyer (a credit never actually put to the test), as upon his tangible property."

On this statement, which conveys the fullest view that I have met with of the specific manner in which the excessive issues of the Bank of England, asserted to have been caused by the restriction, are supposed to have swelled to a proportionate excess the whole of the circulating medium, the following observations occur : —

1. It is possible that the country bankers might habitually keep a somewhat smaller stock, or reserve, during the restriction than in a convertible state of the paper, and there might, to this extent, be some increased economy in the use of the currency, although hardly amounting to a set off against the progressive improvements which have since taken place. This effect, therefore, if it existed at all, must have been the most trifling imaginable.

2. A most erroneous impression is conveyed by the description in the foregoing extract, and is entertained very generally to this day, that during the restriction there was a sort of exemption from the penalties of overtrading ; that bankers might issue *ad libitum*, and merchants trade to the utmost extent of their credit, without experiencing the usual penalties of loss and failure. The bank restriction is supposed to have operated as "a kind of security to the banker against all sudden and unexpected movements ; a sort of monsoon, which, after passing one session of parliament, he was sure would continue to the next, and while that lasted, nothing was likely to happen that could disturb his course." But it did so happen, that his course was disturbed by exactly the same process as we have seen exemplified in more recent instances. The reaction from undue speculation

seems to have been as inevitable during the restriction as before and since ; witness the extensive failures in 1810 to 1812, and again, in 1814 to 1816, which will be more distinctly noticed hereafter. Of the latter it may be, as it has been said, although without the slightest foundation, that they were the consequence of preparations for cash payments ; but neither this nor any other reason consistent with the currency theory, can be brought to account for the former.

3. The country bank paper is supposed to have increased with every increase of Bank of England paper, and an excessive issue of the one, to have been an invariable concomitant of the other.

Of the amount of the country bank paper, it is impossible to give any accurate account. No materials whatever exist for the computation of it previous to 1804, when first a separation was made of the stamps for bankers' notes from those for bills of exchange and notes after date. In 1804, distinct stamps were issued for bankers' notes, which were not to be re-issued after three years from their date. Upon the stamps so issued, computations have been made, but they are the most vague and unsatisfactory imaginable, of the amount actually in circulation. These will occasionally be referred to hereafter. In the meanwhile it may be remarked of this portion of the circulating medium, that, supposing it to bear for local purposes a certain due proportion to the basis of the currency, the deviations from this, its due level, have been, not only during, but before and since the restriction, very considerable, expanding under circumstances, and in a state of opinion, favouring a rise of prices, and collapsing under the opposite circumstances ; and these expansions and contractions have, in the majority of instances, not been preceded by any corresponding variations of the Bank issues, although eventually they have come under the limitation and control of the Bank regulation.

The same, and perhaps in a still greater degree, may be said of those other component parts of the circulating medium, bills of exchange, and book credits, to which allusion is made in the passages quoted from the review. The expansion and contraction of these and of country bank notes, are, as will be abundantly exemplified, the consequences, and not the causes, of a rise and fall of prices.

Credit, in its ordinary and legitimate application, forms one of the more important means of sparing the use of the currency, as well as of effecting the best and cheapest distribution of capital and revenue among the several orders of the community. But it is also a medium, which admits, during short intervals, of expansion, under the influence of the spirit of adventure, to an almost indefinite extent. Some striking instances of this expansiveness of the medium of credit will be exhibited in the following historical sketch. But it will be seen, that the susceptibility of expansion, and the consequent liability to collapse, have not been confined to the inconvertible state of our currency. And a reference, not only to the state of the currency in this country anterior to the Bank restriction, but to the currencies of the continental states of Europe, in which the basis of the currency has been purely metallic, will serve to show that a great abuse of credit has not been peculiar to an inconvertible currency.*

* The following notices, extracted from contemporary accounts, of considerable derangement of credit, in consequence of a previous undue extension of it among the principal commercial cities of the Continent of Europe, in the course of last century, may be considered as not altogether uninteresting or irrelevant to the subject under discussion :—

“ Letter from the Bankers at Hamburgh to the Bankers at Amsterdam.”

“ Hamburgh, Aug. 4. 1763.”

“ Gentlemen,

“ This morning at eleven, when we were met to consider of

The Bank of England, in the regulation of its issues of notes, which, during the restriction, constituted the basis of the currency, and into which, with the small and diminishing proportion

the methods to be taken to assist the houses at this place that are tottering, we received a fatal express, with the terrible news, that you, the gentlemen of Amsterdam, would leave the Neufvilles to sink, by which we were all thunderstruck; never dreaming that so many men in their senses in your city could take such a step -- a step which will infallibly plunge all Europe in an abyss of distress, if not remedied by you whilst it is still time. We therefore send this circular and general letter to you by an express, to exhort and conjure you, as soon as you receive this, to undertake still to support the Neufvilles, by furnishing what money they want, and giving them two or three persons of unquestionable probity and skill, for curators, that their affairs and their engagements may be concluded and terminated, without causing a general ruin, which will otherwise infallibly happen. If you do not, gentlemen, we hereby declare to you, that our resolution is taken, that is to say, that although we represent, a very respectable body of rich and respectable men, we have unanimously resolved to suspend our own payments as long as we shall judge it proper and necessary; and that we will not acquit them, or the counterprotests that shall come from you, or any whatever.

"This is the resolution which we have unanimously taken; and from which we will not depart, happen what will. The fate of the general commerce of all Europe is at present absolutely in your hands; determine, gentlemen, whether you should crush it totally, or support it. You are all too intelligent not to perceive, that by letting the whole machine fall to pieces, you will suffer heavy losses in all parts, which you may prevent to yourselves, and a thousand others, by assisting the Neufvilles to pay and wind up their affairs. Let us have your final resolution speedily, by express; for till that time all will remain in suspense here, and none of us will pay one penny of the bills we have accepted till we know what you will do. Meanwhile, we have the honour to be, &c.

"Pierre Corstens, Albert Schulte, Hetling and Oom, Venne C. Tanm and Moller, Matthiessen and Sillem, Cornelis Jacob Berenberg, Wurmb and Cvidorff, Vierre Bouvefils, P. Henry Trunaner, J. F. Lische, Daniel L. Strenglin and Co., Henry Kornig." — *Gentleman's Magazine*, 1763.

of coin, all pecuniary engagements were, in the last resort, resolvable, controled and limited the other constituent elements of the circulating medium, exactly in the same way as a purely metallic basis controls and limits the convertible paper and the credit part of the circulation.

In the metallic currency of commercial communities, there are expansions and contractions

And they seem to have stopped accordingly, as such appears to be the allusion in the following extract from the Annual Register for 1763:—

“ Aug. 29. 1763.”

“ There has been lately at Amsterdam, Hamburgh, and some other of the principal towns of Germany, a surprising number of bankruptcies. They began at Amsterdam about the 29. July, by the bankruptcy of two brothers named Neufville, who failed for above 330,000 guineas, and a Jew, who, a few days before, failed for between 30,000 and 40,000*l*. This was followed by a stoppage of payment by no less than eighteen houses in that city; and soon after by a much greater number at Hamburgh and other places, which put a stop to private credit, that no business was for some time transacted, but for ready money. But the Lombard houses at Amsterdam and Hamburgh, having supplied with large quantities of cash, such as could give real or personal security, enabled many, who must otherwise have stopped, to stand the run.

Another recorded instance of great derangement of credit occurred ten years later:—

“ The great commercial failures, which threw such a damp last year upon all business in this country, arrived at their utmost extent about the beginning of the present in Holland, and were of so alarming a nature, and so extensive in their influence, as to threaten a mortal blow to all public and private credit throughout Europe. These failures were the effect of an artificial credit, and of great speculative dealings in trade, as well as in the public funds of different countries, and though attended with an immense loss to individuals, of not less, perhaps, than ten millions sterling, took nothing out of the general stock, neither money nor goods being thereby lessened. They would, however, by lessening the value of those commodities, have been as pernicious in their effects as if the loss had been real, and nothing but the most judicious and timely remedies could prevent this fatal consequence.” — *Annual Register for 1773*, vol. xvi. p. ix.

of the circulation, without any corresponding movements of the metallic basis. But if from accidental circumstances there should coincidently with the tendency to speculation, through the means of credit, happen to be an enlargement of the metallic basis, an increased facility would arise, to the extension of the circulation, and to the spirit of speculation; and the converse would be the consequence of a contraction of the basis coinciding with a reaction from speculation and its attendant discredit.

So likewise in the regulation of the Bank issues, if an undue enlargement of them happened to coincide with a tendency to an extension of the other constituent parts of the circulation, there would be a proportionate excess in the whole of the circulating medium. And the converse under the opposite circumstances.

If, therefore, the allegation of constant excess of issues by the Bank of England be substantiated, there can be no hesitation in admitting a corresponding excess in the whole of the circulation. It is proposed accordingly, to examine the grounds for that allegation upon which the question of depreciation beyond the difference between the paper and gold mainly turns. *

* In the comparisons instituted for the purpose of judging of the relative quantities of money at different periods, it has been made a question whether the deposits in the hands of the Bank should not be added to the amount of the circulation. The Bank is doubtless as much liable to the payment of all the deposits, in gold if so required, as if the depositors were holders of bank notes. And it may be said, and truly said, that as the London bankers now are in the habit of lodging with the Bank certain portions of their reserves, instead of holding them, as they formerly did, in their own drawers in bank notes, so much of the amount under the head of deposits in the Bank returns, should be considered as forming a part of the circulation. In fact, some part of the private deposits at the Bank, besides those of the London bankers, may come under the same description; because the common drawing accounts, if they had been kept

SECTION 4. — *On the alleged constant Excess of Issue by the Bank of England, and thence of the whole of the Circulating Medium.*

The charge of excess or over-issues of paper from the Bank of England cannot but be admitted, if by that charge be meant only that during the restriction the issues were, for the most part, larger than could under the unusual circumstances operating on the exchanges, have been maintained under a convertible state of the currency. The issues were in that sense excessive, inasmuch as the amount exceeded that which was compatible with the maintenance of the value of the paper on a level with that of its standard. And as already noticed of the term *depreciation*, the measure of *excess*, in this case, would be the degree in which the value of the paper fell short of the value of the specific quantity of gold in which it

with private bankers, would have added to their reserves, and would, consequently, have increased, in some degree, the bankers' deposits in the Bank of England. These are reasons for supposing that the same amount of bank notes issued is now much more effective than an equal amount formerly was, before the practice became so extended, that is, prior to 1825. And in comparing the quantity of money emanating from the Bank of England, it might depend upon the object for instituting the comparison, whether or not to blend the amount of the private deposits with the Bank circulation. But, generally speaking, as it is the Bank issues coming under the head of circulation, which enter more immediately into the money market, and thus influence, directly, the rate of interest, and, eventually and indirectly, the prices of commodities; and as it is the amount of the Bank circulation, and not of its liabilities, which has been the standard chosen by the advocates of the ultra doctrine of depreciation, for the measure of the expansion and contraction of the currency, it will be chiefly to the circulation that in the following examination of the supposed influence of the Bank restriction, reference will be made.

purported to be payable. The charge of *excessive issue* being so confined, would be independent of any question whether the difference arose from an increase of the circulation, relatively to its functions, the value of gold being unaltered, or from an increased demand for gold, the quantity of money, or in other words, of the circulating medium being unaltered in its relation to the ordinary amount of revenue and trade, of commodities and labour, to be circulated.

But this is not the common acceptation of the term, nor evidently so intended in the argument under consideration. The restriction is supposed to have been the cause of a constant increase of the Bank issues, and thence of the quantity of money, not only beyond that amount, which under the pressure of extraordinary foreign payments, could have been maintained consistently with the preservation of the par of the exchanges, and of the price of gold; but much beyond that which could have been maintained in an undisturbed state of politics and trade, and in the ordinary state of the balance of payments, without raising the price of gold, and, in a still greater degree, the prices of commodities and labour. The question is one of fact, determinable, however, only by presumptive evidence:—*Whether, in the altered proportions between money and the objects exchanged by it, the variations of prices, consequent on those altered proportions, originated in, and were dependent upon, alterations in the quantity of money on the one hand, or in the cost of production, and the accidents affecting supply, on the other.*

Of the circumstances affecting the cost of production and the supply of the objects exchanged by money during the restriction, a historical sketch will hereafter be given. In the mean time, it is desirable to premise some general observations on the nature of the presumptive evidence to be

offered as to the relative quantity of money in circulation, and of the inferences to be drawn from it as to its influence on prices.

We have had occasion to observe, that although the amount of Bank of England notes controlled and limited, in the long run, the other parts of the circulating medium, there might be, as indeed there have been, intervals of great divergence, which might equally occur for limited periods in a convertible state of the paper.

It may here be the place to remark, that, whether in a convertible or inconvertible state of the paper, there are, and must be, a variety of circumstances in constant operation to affect the numerical amount of the Bank circulation, without justifying the inference of any corresponding alteration in the quantity of the circulating medium, or of its being in excess or defect, with reference to the revenue and commodities to be circulated by it. There is a constantly varying proportion of Bank of England notes, applicable to country payments compared with London payments; this was probably more the case during than subsequent to the restriction. And in cases of discredit of the country banks, sometimes only local, sometimes general, a sudden increase of Bank of England issues has taken place, in order merely to fill the temporary chasm of the country circulation. The amount too of London payments is liable to vary very considerably in short intervals. * Sometimes the

* Till within the last few years, there was, in the interval during which the books of the Bank were shut, preparatory to the payment of dividends, a very considerable reduction of the amount of Bank notes in circulation, and a corresponding increase immediately after the payment of the dividends. This cause of a periodical variation in the amount of the circulation, which was occasionally found to be inconvenient, has since been remedied by the practice adopted by the Bank of making advances, by way of loan, on stock and other approved securities, for the few weeks immediately preceding the payment of the dividends.

prompts for periodical sales coincide with the falling due of large acceptances in particular branches of trade. The payments passing between the receivers of the taxes and the exchequer, and between the exchequer and the Bank, influence the amount of notes issued by the Bank although they may not pass at all into the hands of the public. The same sum, circulating in times of confidence and speculation with rapidity from hand to hand, will perform a great many more exchanges, and act upon prices with much greater effect than a larger sum in periods of dulness and absence of grounds for speculation: or at times when alarm and want of confidence induce the bankers and possessors generally of monied capitals to increase their reserves, and to withhold their usual advances.

This would equally be the case if the currency were purely metallic; and for short periods, therefore, considerable variations of prices might take place consistently with a uniform amount of money, as, on the other hand, an undisturbed state of prices might prevail consistently with marked variations of the quantity of money.

But although for short intervals the variations of the Bank of England issues afford no certain criterion of the amount of the circulating medium, or of its being in excess or defect, yet for longer periods the regulation by the Bank of England of its issues during the restriction can be shown distinctly to have operated in limiting the other component parts of the circulation along with its own, in such a manner as that the whole quantity of money, or of the circulating medium, should seem not to have exceeded the amount which, but for the circumstances operating upon the exchanges, might have existed in a convertible state of the currency.

The grounds of presumption on which this opinion is founded, are derived from observation of a

circumstance to which it is of importance that the attention of the reader should be specially directed, as being one which essentially bears upon the question of alleged excess of Bank issues during the restriction. The circumstance here alluded to, the proofs of which will be brought forward hereafter, is that, while the amount of the Bank issues was from 1797 to 1817 undergoing, with trifling exceptions, a progressive increase, *the exchanges upon every pause from the pressure of extraordinary foreign payments tended to a recovery* *, and when

* The authority of the opinions of Mr. Henry Thornton and Mr. F. Horner may be adduced, in proof of the importance of the inference to be derived from the fact of a constant tendency of the exchanges to a recovery, upon every occasion of the restoration of the balance of foreign payments in our favour. Mr. Thornton, in his work on Paper Credit, has the following passage, in a note at page 236. :—

“In general it may perhaps be assumed, that an excessive issue of paper has not been the leading cause of a fall in the exchange, *if it afterwards turns out that the exchange is able to recover itself without any material reduction of the quantity of paper.*” And at page 242., when referring to the difficulty of determining the effect of variation in the amount of Bank of England notes on prices, he proceeds to observe, “The perplexities of this subject, being such as I have now described, it naturally occurs to us to reason from the effect to the cause, and to infer a too great issue of paper, when we perceive that there is an excess of the market price above the mint price of gold. But this inference is one which should be very cautiously made, for it is to be borne in mind, that the excess may arise from other causes besides that of a too great emission of paper. A suspension of the foreign demand for British manufactures, or an increase of the British demand for foreign articles, circumstances which may arise when there is no increase of bank paper, are the much more frequent, as well as the more obvious, causes of a fall in our exchange, and therefore also of a high price of bullion.”

In a critique on Mr. Thornton's work, in the first number of the Edinburgh Review, Mr. Horner, the writer of the article, observes, “We have expressed ourselves with unfeigned doubt, with regard to the alleged dependence of the present rate of prices on the state of our paper currency, because it appears to us a problem of which a satisfactory solution has not yet been offered. According to that view of the question indeed, which

the pressure had entirely ceased, the exchanges and the price of gold were restored to par, *while the Bank circulation was larger in amount than at any preceding period* : thus affording the strongest presumption that the previous increase had not been the cause of the fall of the exchanges ; and had not been greater than would have been required if there had been no restriction, but also no extra foreign payments, in order to supply the extended functions of money incidental to an increased population, and to a vast extension of trade and revenue, and generally of pecuniary transactions ; — or, in other words, that, in the divergence between the paper and the gold, it was the gold that, by increased demand departed from the paper, and not the paper by increased quantity from the gold.

Admitting such to be the fair inference, it becomes a curious matter of speculation to inquire how, with motives so strong to constant and progressive excess, and under the guidance of maxims and principles so unsound and of such apparently mischievous tendency, as those professed by the governors and some of the directors of the Bank in 1810, such moderation and (with some exceptions which will be noticed hereafter), such regularity of issue should, under chances and changes in politics and trade, unprecedented in violence and extent, have been preserved, as that *a spontaneous*

seems to us the most correct, as well as the most simple, a sufficient answer will be assigned, if the excess of the market price of gold above its mint price shall be found to continue, notwithstanding the permanent restoration of the balance of trade to its accustomed preponderancy in our favour."

The foregoing extracts are from works of which the former was written in 1801, and the latter early in 1802, before either of the authors could have seen that without any diminution of the Bank issues, the exchanges and the price of gold were reverting to their par value, when a fresh set of disturbing causes again deranged them.

readjustment between the value of the gold and the paper should have taken place, as it did without any reduction of their circulation.

The explanation of the difficulty seems to be this. The rule by which the Bank directors professed to be, and were in the main, guided, viz. the demand for discount of good mercantile bills, not exceeding sixty-one days' date, at the rate of five per cent. per annum, did, with the necessary policy of government in periodically reducing the floating debt within certain limits by funding, operate as a principle of limitation upon the total issues of the Bank. And the reason of the rule having so operated, is to be found in the fact, that the market rate of interest *for bills of the description which were alone discountable at the Bank*, did not materially, or for any length of time together, exceed the rate of five per cent. per annum.

But the Bank directors seem to have been unaware of the precise mode of operation by which their rule had the effect of a principle of limitation against great or permanent excess in their circulation; and the explanation by them in their evidence before the bullion committee of 1810 was so unguardedly given as to expose them to the *reductio ab absurdum*.

In the bullion report of 1810 it is stated, "that the Bank directors, as well as some of the merchants who were examined, showed a great anxiety to state to the committee a doctrine, of the truth of which they professed themselves to be most thoroughly convinced,—that there can be no possible excess in the issue of Bank of England paper so long as the advances in which it is issued are made upon the principles which at present guide the conduct of the directors; that is, so long as the discount of mercantile bills is confined to paper of undoubted solidity, arising out of real commercial transactions, and payable at short and fixed periods." And the

following are extracts of the evidence to that effect. Mr. Whitmore, governor of the Bank : —

Min. p. 91. "The Bank never forces a note in circulation: and there will not remain a note in circulation more than the immediate wants of the public require, for no banker, I presume, will keep a larger stock of bank notes by him than his immediate payments require, as he can at all times procure them."

Min. p. 127. "The bank notes would revert to us if there was a redundancy in circulation, as no one would pay interest for a bank note that he did not want to make use of."

Mr. Pearse, the governor, stated distinctly his concurrence in the opinion upon this particular point, Min., p. 126. He referred to the manner in which bank notes are issued, resulting from the applications made for discounts to supply the necessary want of bank notes, by which their issue in amount is so controlled that it can never amount to an excess.

He considered "the amount of the bank notes in circulation as being controlled by the occasions of the public for internal purposes;" and, page 157., that "from the manner in which the issue of bank notes is controlled, the public will never call for more than is absolutely necessary for their wants."

The part, however, of the evidence which attracted most notice, and created no little surprise, was the following: —

"Is it your opinion that the same security would exist against any excess in the issues of the Bank, if the rate of the discount were reduced from 5 to 4 per cent.?" Answer by Mr. Whitmore: "The security of an excess would be, I conceive, precisely the same." Mr. Pearse: "I concur in that answer." "If it were reduced to 3 per cent.?" Mr. Whitmore: "I conceive there would be no difference, if our practice remained the same as now, of not forcing a note into circulation." Mr. Pearse: "I concur in that answer."

If the governor and deputy-governor had added the proviso, that the market rate of interest should be, in the cases supposed, viz. of discounting at four or three per cent., as near to the Bank rate *for bills of the prescribed description*, as it then was

to 5 per cent., they would have escaped the severe criticisms to which their answers, so unguardedly given, were exposed.

The truth is, that if the market rate of interest for such bills as came within the prescribed rules of the Bank had fluctuated more than it did, and had likewise on an average very materially exceeded the fixed rate of discount, and more especially if it had risen progressively during the whole period of the restriction, not only would the fluctuations in the amount of bank notes have been greater, but there would also have been such a constant tendency to excess through this channel of issue, as would not have admitted of compensation by diminished issues through other channels, and the total increase of the circulation would have been greater than it has proved to be. But, it so happened that the market rate of interest for *such bills as came within the Bank rules* did not constantly nor materially exceed 5 per cent. ; nor did it rise progressively through the greater part of the interval of the restriction. The rate of interest for such bills was at its highest long before the termination of the war, as may be inferred from the circumstance, that in the three last years of it the applications for discount at the Bank fell off, compared with what they had been for some years before.

The fact of a rate of interest in some degree steady at about 5 per cent. on this description of securities is perfectly compatible with a considerably higher rate for other securities. It is well known that, within these few years past, such bills have occasionally been eagerly sought by bankers and other capitalists at a rate as low as 2 per cent. per annum, while, on mortgages or other securities not immediately or readily convertible, advances were rarely to be had under 4, and frequently not under 5, per cent. On the other

hand, during the war, while bills of undoubted solidity, and at short dates, were generally discountable at about 5 per cent., it was difficult to raise money on longer dated bills without a commission, or on mortgages or other securities imperfectly or distantly convertible, on any terms but such as, by annuities, premiums, or other evasions of the usury laws, were equivalent to from 6 to 10 per cent. per annum.

It was, therefore, the coincidence, through the greater part of the interval of the restriction, between the market rate and the Bank rate of interest, that prevented the tendency through this medium to progressive increase and irremediable excess of issues, which might have been apprehended if the Bank rate had been for any length of time much below the market rate.

The principal causes of the fluctuations in the amount of discounts at the Bank down to 1816, besides those which are incidental to the growth and varying exigencies of trade, the greater or less inducement to speculation and occasional derangements of commercial credit, may be traced to the financial operations of Government.

When considerable public loans were negotiated, or when Exchequer Bills, to a larger amount than usual, were issued on the money market, the immediate effect was to create a temporary absorption of floating capital, and, consequently, to occasion a temporary rise in the rate of interest. This would naturally be followed by increased applications for discount at the Bank. But in the intervals between loans, or when Exchequer Bills were in less amount than usual, either by Government not issuing so many, or by the Bank taking a portion of them off the market, that is, making advances upon them, there would be diminished applications for discount.

SECTION 5. — *On the Regulation of the Bank Issues during the Restriction.*

With reference to the foregoing explanation it is to be observed, that the regulation of the Bank issues, when the pressure on the exchanges for foreign payments was unusually great, became inevitably exposed to the alternative of very extensive and sudden variations of the exchanges or of the rate of interest.*

If the circulation had been regulated, as it ought to have been, by a view to the exchanges, and had been contracted in proportion to the depressing causes acting upon them, the consequent diminution of bank notes would have been felt in a severe pressure on the money market, or, in other words, in a considerable rise in the rate of interest, attended with serious inconvenience, both commercial and financial, the former aggravated by the operation of the mischievous and absurd provisions of the usury law. During the intervals of such forced contraction of the circulation, sales of land and houses, and of fixed property generally, would have been difficult, and exposed to enormous sacrifices, in cases in which it was necessary to realise; and the prices of goods would, of course, have experienced considerable depression in all instances in which the supply at all exceeded the wants for immediate consumption. A fall of the rate of interest would have followed upon the cessation of the causes for contraction, and upon the consequent necessary enlargement of the circulation.

* Of the manner in which the rate of interest is affected by the variations in the circulation, an explanation will be found in an extract, inserted in the Appendix, from a former publication of mine, entitled "Considerations on the State of the Currency."

On the other hand, a regulation on the principle, if such it can be called, by which the Bank directors professed to be guided, disregarding the exchanges, and allowing the amount of the issues to be governed by, and in its turn to act upon, the rate of interest, was calculated, as long as the market rate did not materially exceed the Bank rate of discount (for bills coming within the Bank rules), to produce a considerable degree of uniformity in the circulation, and to prevent such violent changes in the state of the money market as would otherwise have occurred; but it was calculated at the same time to leave the exchanges liable to extraordinary fluctuations, and such as did, in point of fact, occur — fluctuations which exposed all transactions connected with the foreign trade of the country to the greatest possible hazards and losses, in addition to those which were necessarily incidental to a state of war. The great depression of the exchanges added also enormously to the expenses of the war, and to the cost of production of all imported articles, and the depreciation, thence resulting, of the paper compared with its standard, was a flagrant breach of faith, and a national discredit.

In other words, the alternative in the regulation of the Bank issues, presented by the extraordinary state of things which prevailed at particular periods of the war, but more especially during the closing years of it, was that of causing great and rapid changes in the quantity of money, with corresponding violent alterations in the rate of interest and in the state of credit, both commercial and financial, *or*, of preserving a greater degree of uniformity in the amount of the circulation and in the rate of interest, at the expense of very great fluctuations of the exchanges, and their enormous attendant and *preponderating* evils.

If the currency, during the war, had been purely metallic, there must have been occasion-

ally, and sometimes for a considerable interval, a very great diminution of the quantity of money, caused by the demand for gold for export, to defray the unusually large foreign payments beyond the amount that could, in the ordinary course of trade, be met by increased exports of commodities. But, independently of the interval which, in an uninterrupted state of foreign intercourse, would be required for the adaptation of an increased amount of exports of commodities to meet the demand for *extra* foreign payments, that interval was greatly extended in the latter years of the war, inasmuch as insurmountable impediments are well known to have been opposed to the export of commodities from this country to the Continent of Europe: so that the state of greatly diminished quantity of money, by export of coin, in order to meet the foreign expenditure, would, in a purely metallic currency, have been of considerable duration. And the same would have been the case if the regulation of the Bank issues had been guided by the exchanges, and had consequently been such as to have preserved the value of the paper on a level with that of gold.

Thus, for example, in the latter years of the American war, and in the earlier part of the last war with France, prior to the suspension of cash payments, the alternations between contraction and enlargement of the Bank issues (and, as far as can be judged, of the whole circulation) were very much greater than during the restriction.

The amount of Bank of England notes was, in February, 1773, 6,037,060*l.*, and in February, 1775, 9,135,930*l.*, being an increase of upwards of 50 per cent. After intermediate considerable variations, the amount which, in March, 1782, had been 9,160,000*l.*, was in December following reduced to 5,995,000*l.*; a degree and suddenness of contraction to which there was nothing

approaching to a parallel during the restriction, or subsequent to it.*

The variations, also, between 1793 and 1797 were very considerable; but these will be more particularly noticed in the subsequent historical sketch.

If, however, the greater exemption from violent changes in the amount of the circulation, during

* The extraordinary degree of contraction to which the Bank was obliged to resort in 1782, and again in 1796, in order to counteract the drain on its treasure, by the pressure on the foreign exchanges, is, independently of its importance in other points of view, deserving of remark, with reference to an opinion entertained by the partisans of the currency theory, namely, that the penalty on melting and exporting the coin, which existed prior to Peel's bill, operated, according to its extent, as a protection to the Bank, in maintaining a larger circulation than it otherwise could have done; or, in the language of that theory, that it operated to that extent, as a relaxation of the standard. (Evidence before the Agricultural Committee of the House of Commons, 1836. Third Report, p. 484.) But they overlook the consideration, that in proportion as the penalty on exportation admitted of a greater enlargement of the circulation, before the drain commenced, it required so much greater contraction to stop the drain, and still more to bring back the coin when the drain had been established.

As a specimen of the great fluctuation of the exchanges, and of the discrepancy between their indications and the *prima facie* inference presented by the amount of the bank issues, Mr. Vansittart moved the following resolution, among those that were passed in 1811:—

“That during the latter part of, and for some time after, the American war, during the years 1781, 1782, and 1783, the exchange with Hamburg fell from 34*s.* 1*d.* to 31*s.* 5*d.*, being about 8 per cent., and the price of foreign gold rose from 3*l.* 17*s.* 6*d.* to 4*l.* 2*s.* 5*d.* per ounce; and the price of dollars, from 5*s.* 4½*d.* per ounce to 5*s.* 11½*d.*; and that the bank notes in circulation were reduced between March, 1782, and December, 1782, from 9,160,000*l.* to 5,995,000*l.*, being a diminution of above one third, and continued (with occasional variations) at such reduced rate until December, 1784. And that the exchange with Hamburg rose to 34*s.* 6*d.*; and the price of gold fell to 3*l.* 17*s.* 6*d.* and dollars to 5*s.* 1½*d.* per ounce, before the 25th February, 1787, the amount of bank notes being then increased to 8,688,000*l.*”

the restriction, than in the periods anterior and subsequent to it, had been still more striking than it is, it would not be a compensation for the manifold evils and dangers attending an inconvertible paper currency.

The observation of the comparative uniformity of the amount of the Bank circulation, and of its not having exceeded, during the suspension of cash payments, the quantity which was found consistent eventually with the restoration of its standard value, is not here introduced for the purpose of vindicating the policy which imposed and continued the restriction, but it may fairly be adduced as an answer to the charge of *constant excess** of issue, by which, in the arguments quoted, the whole period of the restriction is as-

* But charges still wider of the truth have been urged against that measure. The most exaggerated statements have been made in general terms, of the violent changes occasioned by it in the quantity of the paper circulation. The following specimen of such charges is taken from a publication on "Corn and Currency," by Sir James Graham, which attracted considerable notice in its day : —

"Mr. Pitt, when he introduced his bold measure of the Bank restriction, which rendered the paper of the Bank of England no longer convertible into cash on demand, and imposed no limit on its issues beyond the will of the Government, or the caprice of the Directors, declared, with prophetic warning, (Hansard's Parliamentary Debates, vol. xxxiii. p. 71.) 'That, if the country be once surcharged with paper, it would have as ruinous effects as would be produced by lessening the quantity of the paper circulation; a sudden diminution of the paper currency would prove the most violent shock which the trade and credit of this country could receive.'

"Notwithstanding this sound prediction from the author of the measure, his successors, who profess to tread in his steps, and to venerate his name, have despised the warning, have rejected the admonition, and applied the power precisely in the two modes which Mr. Pitt thought most dangerous. 'The country *has been* surcharged with paper;—there *has been* a 'sudden diminution of the currency,' not once, but repeatedly; and exactly as Mr. Pitt foretold, each violent change, in either direction, has shaken to their foundations 'the trade and credit of the country.' " P. 28.

serted to have been characterised, the term excess not being confined to mean an amount beyond what could, under the extraordinary circumstances, be maintained, consistently with the *par value*, but such an increase and excess as would, *under ordinary circumstances*, have entailed depreciation.

SECTION 6. — *On the Effect of the Bank Restriction in raising the Prices of Commodities.*

It may be asked, whether, if it be admitted that there was no excess during the restriction of the amount of circulation beyond what might have been maintained, but for the pressure of foreign payments, the restriction can be charged with any part of the nominal rise of prices, which prevailed during the suspension of cash payments? The answer would necessarily be in the negative, as far as relates to depreciation attributable to an increase in the quantity of money. But the restriction admitted of a greater depression of the exchanges, than could have occurred in a convertible state of the paper. And as the depression of the exchanges constituted an element of increased cost of all imported commodities, and thus, directly or indirectly, affected the price of a considerable proportion of native productions, the restriction may be considered to have been the condition without which so much of the rise of prices as was attributable to increased cost by adverse exchanges could not have occurred. Besides that, it is the general tendency of a fall of the exchange to raise the prices of exportable commodities.

It is in this sense only, if, even in this sense, the word can be correctly so applied, that the Bank restriction can be said to have been the *cause* of so much of the advance of prices, as may be measured

by the depression of the exchanges below the point to which, previous to the restriction, they had, under the pressure of extra foreign payments in former wars, occasionally fallen.* But the variations of the exchanges, taking them in the aggregate, and allowing for partial discrepancies of occasional quotations arising from impediments to exchange operations, and from hazards attending the transmission of bullion, allowing also for the difference arising from the varying proportions between silver and gold, will be found to correspond in the main with the variations in the price of gold. There would, therefore, be little difference in the result, whether the price of gold or the exchanges were taken as the measure of the utmost advance of prices during the restriction, beyond the rate at which, *cæteris paribus*, they could have been maintained in a convertible state of the currency. The same reasoning will apply as to the measure of the utmost fall of prices that can be ascribed to a return to the convertibility of the paper. But the price of gold is the simplest and clearest expression of the result of the quotations of all the different exchanges. On this ground, therefore, as well as because the price of gold is, by the definition of the standard, the measure of the depreciation specifically predicated of bank notes, the explanation about to be given of the causes of the great variations of prices, in the period which is to come under examination, is to be considered as subject always to an allowance (as a maximum, however,) of the difference between paper and gold. But an admission to this extent, which is beyond what, in point of fact, is likely to be found necessary, is utterly insufficient, according to the currency

* During the American war, the exchange on Hamburg was occasionally, and for some length of time, at about 31s. 6d. And it is only, therefore, for the fall below this rate that the Bank restriction is accountable.

theory, to account for the great rise of prices during the restriction, and for the great fall subsequently ; the rise being, by that theory, ascribed to an excessive enlargement of the issues, which the Bank was, by the restriction, enabled and induced to make and maintain ; and the fall being attributed to the contraction which, by the same theory, is considered to have been necessarily effected as a preparation and means for the restoration of cash payments.

SECTION 7. — *On the alleged invariable Connection of Increase of Price with the Bank Restriction, and on the Effect of the near Approach of the Termination of the Restriction producing a Fall of Prices greatly exceeding the Difference between Paper and Gold.*

Proceeding on the assumption of the constant excess of the issues of the Bank of England, and of the country banks, the concluding allegations, among the arguments which have been stated in support of the doctrine of ultra depreciation, are, "That the *constant and invariable* connection of increase of price with the Bank restriction is a forcible proof of such a relation, as that of cause and effect subsisting between the two phænomena ; and that the near approach of the termination of that restriction had produced a fall of prices, greatly exceeding the difference between paper and gold ; thus still further corroborating that connection, and proving, almost demonstratively, that the prices from 1797 to 1814 were, to a certain degree, artificial, and that the comparison of paper with gold did not afford a test of the real amount of the fall in the value of our currency." Here it is evidently meant to imply, that the near approach of

the termination of the restriction, and, still more, the actual passing of Peel's bill, had been the *originating and the chief*, if not *only*, cause of the fall of prices. And of course, if the mere removal of the restriction was the chief cause of the fall, the restriction must be supposed to have been the chief, if not the only, cause of the previous rise.

It appears to me that a total absence of knowledge of many facts bearing upon the question, a great misapprehension of others, and a general confusion of the order of time, in which the principal circumstances in connection with prices, and with the state of the circulation, are supposed to have taken place, can alone account for the prevalence of opinions so erroneous as those involved in the above propositions; opinions which, destitute as they are of any real foundation, are almost universally prevalent.

It is the purpose, therefore, of the following historical sketch to lay before the reader the most prominent of the facts, which are calculated to elucidate the causes of the great variations of prices from the close of 1792 to the present time; and as the result of the view, which it is thus proposed to take, I expect to be able to show —

1. That there were circumstances during the period under consideration, affecting the cost of production, and the casual supply relatively to the rate of consumption of the principal articles, the fluctuations of which are in question, sufficient to account for the variations of prices, independently of any supposed influence of the currency, beyond the degree indicated by the difference between paper and gold.

2. That the theory which supposes the disengagement and reabsorption of gold by this country, arising from the restriction and the resumption of cash payments, to have sensibly affected bullion prices is (independently of the inadequateness of the

supposed cause as has already been shown) not borne out by a reference to the periods in which, or to the circumstances under which, the great alterations of price took place.

3. That the alterations in the amount of the circulation did not occur in such order of time with reference to the variations of prices, as to justify the assignment of such a relation as that of cause and effect; for that in point of fact in the majority of instances the alleged effects preceded the supposed causes.

4. That the increase of the Bank circulation during the restriction, although excessive, as being beyond what could, under the pressure of foreign payments, be maintained consistently with the preservation of the par of the exchanges, and of the price of gold, was not greater than it is probable would, in an undisturbed state of politics and trade, have been required to carry on the greatly extended pecuniary transactions of the country at bullion prices on their ordinary level with those of other countries. The proof, or at least the strongest possible presumption to this effect being, that upon every cessation of the pressure of foreign payments the exchanges tended to a recovery, and were, when those payments finally ceased, restored to par, not only without any reduction of Bank paper, but coincidently with an increase of it.

5. That the growth and contraction of country bank notes greatly beyond, and within, the extent to which they served for ordinary local purposes, were governed during the restriction by the same general causes as operated before and since. They expanded under circumstances favouring speculation, and a rise of prices, and became contracted under the opposite circumstances.

6. That a contraction of the currency was not a necessary consequence of, or, in point of fact, produced by, Peel's bill, or by any anterior prepar-

ation on the part of the Bank for cash payments ; for that, according to the rules by which the Bank regulated its issues, there is every reason to believe that, without any reference whatever to that bill, or to any anterior preparation, the circulation of Bank of England notes and coin together, constituting the basis of the currency, would have been neither more nor less than it actually proved to be.

PART IV.

HISTORICAL SKETCH OF PRICES, AND OF THE
STATE OF THE CIRCULATION, FROM 1792 TO
1837.

CHAPTER I.

INTRODUCTION.

THE whole question of the degree in which the causes that have been severally assigned as accounting for the great variations of price in the period which is to come under consideration, viz. from the commencement of 1793 to the present time, mainly rests upon the sequence observable between prices, and the circumstances connected with them in the relation of cause and effect. It is absolutely essential in this view to trace the events in strict connection with prices. In a former work of mine on prices, a cursory glance only was taken of the state of things in relation to prices at particular periods, without, as I have since perceived, a sufficiently distinct arrangement of the whole series of them in chronological order. It is my present purpose, accordingly, to give them in that order. But with that view it is necessary to make a division into points, upon which the attention may rest, or, in other words, into epochs, through which the several sets of prices and circumstances may be traced distinctly. In determining the question how that object may best be accomplished,

the most convenient mode that has suggested itself to me is that of a division into epochs of about five years each. Shorter intervals, annual periods, for instance, would, properly speaking, be of the nature of annals, and would weary and distract the attention by the inevitable minuteness of the details, besides that an interval so short would not admit of continuous observation of the whole, or even of the greater part of the phases, within which the changes and alternations between periods of confidence and discredit, of the spirit of enterprise and despondency, have revolved. On the other hand, intervals of ten years would be too long for the purpose, as they would embrace too many particulars to admit easily of such arrangement and classification as are essential to the formation of any clear conclusions. Not only, therefore, as a medium between these extremes, but because, in point of fact, it so happens that intervals of about five years do afford resting-places, at each of which an examination may conveniently take place of the rise and progress, and in many instances of the termination, of a series of events, all tending to throw light on each other, and to bring out a legitimate conclusion, it is here proposed to adopt a division of the time which is to pass in review into intervals of about five years.

The first division will, however, most conveniently embrace six years, viz. from the commencement of 1793 to the close of 1798; and the period ending 1822 will comprise only four years, for reasons which will be obvious when those epochs come under consideration.

CHAP. II.

ON THE STATE OF PRICES, AND OF THE CIRCULATION, FROM THE COMMENCEMENT OF 1793 TO THE CLOSE OF 1798.

THE commencement of 1793 is among the most memorable in the annals of this country, and of Europe, and indeed of the civilised world. It was in February of that year that the war with France, which, with the intermission of a few months, lasted for upwards of twenty years, was declared.*

There had been immediately preceding that event a great revulsion and derangement of commercial credit, not only in this country, but in the principal trading cities of the Continent of Europe.

By some persons it was supposed, that the declaration of war had materially contributed to produce the derangement of credit. Thus Sir Francis Baring, in a pamphlet published in 1797, observed:—

“ A circumstance which very materially contributed to produce the distress of 1793 was the sudden unexpected declaration of war. That dreadful calamity is usually preceded by some indication which enables the commercial community to make preparation. On this occasion the short notice rendered the least degree of general preparation impossible, and which may be ascertained by the prices of stocks in the preceding month of October and various collateral authorities.”

Notwithstanding this deservedly high authority for the supposition, that the breaking out of the

* The preparations for war on both sides were made in January, but the actual declaration of war was made by France against this country on the 1st of February, 1793.

war had contributed in a considerable degree to the memorable derangement of commercial credit, which occurred about that time ; I am disposed, both from my own recollection, and from all that I have been able to collect by research, to doubt whether the war had much influence in the origin of the discredit, although it can hardly have failed of operating in aggravation of the main causes. These seem to have been pre-existing in a great and undue extension of the system of credit and paper circulation, not only in the internal trade and banking of this country, but in the commercial transactions of the principal cities of the Continent of Europe, and in the United States of America.

The commercial failures both here and on the Continent of Europe, and in America, began in the autumn of 1792, while the price of the funds was still comparatively high, the 3 per cent. Consols being at 90 in September, and at 88 in November of that year, and while, therefore, it could not be supposed, that the alarm of impending hostilities could have had much effect. Nor did it appear from the character of the mercantile failures which occurred, and which proved in most instances to have been insolvencies of some standing, how war, or the apprehension of war, could have produced their embarrassment. At the same time it must be admitted, that the breaking out of the war, although apparently not an originating cause, must necessarily have added to whatever were the pre-existing causes of derangement, not only by the increased rate of interest occasioned by the loan for the purposes of the war, but by the inevitable disturbance of some of the channels of demand.*

* It is probable, that, although the failures and the attendant commercial discredit began in 1792, before any great fall in the funds of this country had occurred, the further failures and consequent discredit, particularly of the country bankers, were ex-

There is a very prevalent impression, that the origin of speculations and high prices is to be dated from the commencement of the war in 1793. The fact, however, is, that there was a very general fall of prices, from the close of 1792 to the commencement of 1794. On looking over the Table of prices, it will be seen that there were very few commodities which were not lower at the close of 1792, and at different periods in 1793 and 1794, than they had been at the commencement of 1792. And the real fall was still greater than the apparent one; because the cost of production of all imported commodities was greater by the difference of freights and insurance, after the breaking out of the war.

This fall of prices does not seem to have been a direct or obvious consequence of the war: it was rather the effect of a recoil from extensive speculations, which had their origin two or three years before, connected with the extensive circulation of mercantile paper already alluded to. One of the chief causes of those speculations seems to have arisen on the ground of apprehended scarcity of colonial produce in consequence of the revolution in St. Domingo, which at that time constituted the largest source of supply of sugar and coffee to the Continent of Europe. Other grounds were afforded by the unsettled aspect of politics. As usual, in times of confidence and tendency to speculation, many articles, for the rise of which there was no sufficient ground of actual or apprehended scarcity, participated in the advance. But the

tended and aggravated by the great fall of the funds which immediately followed the declaration of war. And there is reason to believe, that some of the failures of the Continental houses were aggravated, if not caused, by previous speculation in the French assignats which subsequently experienced the extreme of depreciation.

rise proved to have been greater than the occasion justified, and prices fell. It may be observed, however, that as, during the previous rise, there had been no manifestation of extravagance of advance in any one article, so, in the fall, the number of articles to which it applied was extensive; but to none did it apply in a very marked degree. The lowest point of depression of the prices of such articles as had risen most between 1790 and 1792, seems to have been reached in 1794.

It was not till the latter part of 1794 and the commencement of 1795 that circumstances arose, which were calculated to create a great disturbance of prices, both of corn and of other leading articles of consumption. In proceeding to notice in some detail and consecutively the great variations in prices, which henceforth occurred, those of corn, as bearing most, according to general opinion, on the doctrine of depreciation, will be more particularly referred to and dwelt upon. Those of other commodities will be noticed only when under the influence of extraordinary circumstances, and more especially in connection with, and illustrative of, the influence of the circulating medium, the state of which will be the subject of consideration at the end of each interval.

The general character of the seasons, as to productiveness, will be noticed with more or less of detail, according as they may appear to have been attended with less or more of influence on prices.

SECTION 1. — *On the Seasons in Connection with the Prices of Provisions, from 1793 to the Close of 1798.*

Of the season of 1793 it is said by Arthur Young, in the *Annals of Agriculture*, vol. xxv., that the

“ Summer was a very dry one, in which, though the wheat was moderate, the spring crops generally proved deficient.”

Moderate only, however, as the crop of wheat is described to have been, the price gave way after harvest. The quotation of the Windsor market, which at Lady-day, 1793, had been 54*s.* 1*d.*, fell at Michaelmas following to 45*s.* And the ports, which had been open by proclamation in the spring, were shut again at the low duty in June of that year.*

On the seasons of 1794 and 1795, the results of which form so prominent a feature in the history of the Corn Trade, it is necessary to dwell somewhat more in detail. Arthur Young, writing in 1795, says of the former,

“ In the last summer, 1794, the wheat turned out, very *unexpectedly* to many growers, a failing produce; the drought in many parts of England parched the spring corn to that degree, that I believe the leguminous crops have scarcely returned even the seed committed to the ground for them.”

“ Here we find that there have been three seasons in succession unfavourable to the production of some kinds of grain; the dearness of all is a natural consequence.”

The spring of 1794 was the most forward, and the summer the most uninterruptedly hot

* According to the Gazette return of the averages for England and Wales, there does not appear to have been so great a fall in the price of wheat immediately following the harvest of 1793, namely, from 51*s.* to 47*s.*; but the discrepancy may be explained partly by the very incorrect manner in which the averages were taken and partly by the circumstance that the harvest weather of 1792 had been wet, while that of 1793 was dry, which would account for a greater difference than usual, between the better wheat and that of average quality in the spring of 1793. Notwithstanding, however, the objections which, as regards correctness, apply to the average returns, they will henceforth be referred to in preference to the Eton Tables for two reasons: the one is that the currency controversy has proceeded chiefly upon a reference to those returns: and the other is, that these admit of occasionally introducing into the same line of comparison the prices of spring corn.

and dry, of which I have been able to meet with any record: as, however, the degree of deficiency arising from the excessive drought and scanty crops of 1794, and the want of a surplus from 1793, had not, in consequence of the harvest being unusually forward (the cutting of wheat having been begun in the south and midland districts, by the middle of July, and the crops mostly secured by the end of that month), and the wheat having been brought in fine condition and very early to the market, been sufficiently appreciated, the price did not rise soon enough to check the consumption; and it was not till the winter and spring following, that the insufficiency of the stock on hand, to meet the average rate of consumption, was discovered.

The winter of 1794-5 had set in remarkably early, and proved to be of extraordinary severity and inclemency, so that independently of the increased consumption, thence arising, of the stock of dry food, apprehensions were justly entertained of injury to the growing crop. A very general alarm arose, and the average prices advanced as follows:—

Years.	Wheat.	Barley.	Oats.
1 Jan. 1795,	55s. 7d.	34s. 2d.	21s. 11d.
1 July, do.	77s. 2d.	41s. 10d.	27s. 8d.

Government had, early in 1795, and indeed, for some time before, taken the alarm at the indications of impending dearth, and adopted some extraordinary measures of precaution. All neutral ships bound with corn to France were seized and brought into this country, and their cargoes paid for, with an ample profit to the proprietors. This measure was adopted with a double view, of relief to ourselves and distress to the enemy, there being still greater scarcity in France than in this country. At the same time government employed agents to buy corn at the ports in the

Baltic. This was done because it was apprehended that our own merchants would be deterred from purchasing so freely as was desirable, by the great advance of prices, which had taken place in the North of Europe, in consequence of large purchases for account of the French government.

Of the policy of this measure, as interfering with the ordinary course and true principles of trade, Mr. Pitt spoke doubtingly; but rested the justification of it upon the extraordinary and alarming character of the emergency. Sir Francis Baring also offered a hesitating opinion in justification of the measure. Notwithstanding all these precautionary measures for obtaining a foreign supply, and the inducements held out by an unprecedentedly high price in this country, such was the scarcity in the north of Europe and in America*, and such the competition of the government of France with ours, that the importation in the whole of the year 1795, after deducting small casual exports, did not quite reach three hundred thousand quarters of wheat.

The spring of 1795 was very cold and backward, the summer wet and stormy, and the harvest consequently unusually late. Under these threatening circumstances the prices experienced a continued advance, the average for England and Wales having reached 108*s.* 4*d.* in August of that year. The weather, however, having cleared up towards the latter part of August, and having proved fine throughout September, so as to admit of securing the whole of the crop in good order, the markets experienced a decline, the average price in October having got down to 76*s.* 9*d.* But the original deficiency then manifested itself, and prices rose

* In the United States of America the crops of wheat, in 1795, were as deficient as they were in Europe. The deficiency was mainly ascribed to the ravages of an insect called the Hessian Fly. And the price of flour reached the enormous rate of fifteen dollars the barrel.

again considerably before the close of the year; On the meeting of parliament, 29th October, 1795, the king in his speech alluded to the dearth in the following terms:—

“ I have observed for some time past with the greatest anxiety, the very high price of grain; and that anxiety is increased by the apprehension that the produce of the wheat harvest, in the present year, may not have been such as effectually to relieve my people from the difficulties with which they have had to contend.”

And concluded with an assurance of his Majesty's hearty concurrence in whatever regulations the wisdom of Parliament might adopt.

Animated discussions took place on the nature and causes, and extent of the dearth, and on the remedies to be applied for the alleviation of its effects. On the 3d November, the Chancellor of the Exchequer moved, that a select committee be appointed, for inquiring into the circumstances of the present scarcity, and the best means of remedying it. As usual on such occasions, there was a disposition to account for the high price of provisions by the assignment of any but the simple, sufficient, and true cause, casual deficiency of supply from the visitation of two very unproductive crops. Monopoly*, forestalling†, and regrating were

* The following extract from among the speeches in the House of Commons may serve as a specimen to this effect:—

Debate 3d November, 1795, Mr. Lechmere said, “ We had perhaps had as plentiful a harvest as the great Author of all blessings ever gave us.” “ One of the great causes of the present distress he took to be the monopoly of farms.”

† The charge of Lord Kenyon, at the Assizes for Salop, in 1795, will afford a specimen of the prejudices which extensively prevailed at that period as to the influence of unfair practices in raising the prices of provisions:—

“ Here, gentlemen, since I have been in this place, a report has been handed to me (without foundation I sincerely hope), that a set of private individuals are plundering at the expense of public happiness, by endeavouring, in this county, in this most abundant county, to purchase the grain now growing upon

among the causes assigned. The war, however, was very generally considered as having had great influence in the rise of prices.*

With regard to the extent of the deficiency, Lord Sheffield, in the House of Commons, December, 1795, stated it to be from $\frac{1}{7}$ to $\frac{1}{3}$ without any old stock, and without any prospect of adequate supply from abroad. Various remedies were proposed; that which was mainly relied upon and finally adopted, was an act, granting a bounty of from 16s. to 20s. the quarter, according to the quality, on wheat, and 6s. the cwt. on flour from the south of Europe, till the quantity should amount to four hundred thousand quarters; and

the soil. For the sake of common humanity I trust it is untrue. Gentlemen, you ought to be the champions against this hydra-headed monster. 'Tis your duty as justices to see justice done to the country. In your respective districts, as watchmen, be on your guard. I am convinced, from my knowledge of you, that I have no need to point out your duty in this case; and though the act of Edw. VI. be repealed (whether wisely or unwisely I take not upon me to say), yet it still exists an offence at common law, coeval with the constitution; and be assured, gentlemen, whoever is convicted before me (and I believe I may answer for the rest of my brethren), when the sword of justice is drawn, it shall not be sheathed until the full vengeance of the law is inflicted on them; neither purse nor person shall prevent it."—*Annals of Agriculture for 1795*, vol. xxv. p. 111.

* Mr. Fox said, "The war certainly has had a most decided effect, so far as it has tended to increase the consumption, to diminish the production, and to preclude the possibility of obtaining supplies, which might have been drawn from other quarters."—*Parliamentary Debates*, vol. xxxiii. p. 239.

It was with reference to this opinion that Mr. Burke observed, "As to the operation of the war in causing the scarcity of provisions, I understand that Mr. Pitt has given a particular answer to it; but I do not think it worth powder and shot." (*Thoughts and Details on Scarcity*, p. 33.) As the seasons of 1794 and 1795 form so important a feature in the general impression of the high prices ascribed to the war and the restriction, and as those seasons were in every way remarkable, an extract, descriptive of them, from the publication by Mr. Burke here quoted, will be found inserted in the Appendix.

from America, till it should amount to five hundred thousand quarters; and 12s. to 15s. from any other part of Europe, till it should amount to five hundred thousand quarters; and 8s. to 10s. after it exceeded that quantity, to continue till the 30th September, 1796.

Among the minor measures was a sort of self-denying ordinance*, by which the members of both houses of parliament bound themselves to reduce the consumption of bread in their households by one third, and to recommend, among those whom they could influence, a similar reduction.†

The prices of all other provisions having risen in a greater or less proportion to wheat, and there being a very general apprehension of a continuance of the scarcity, it had become manifestly impossible for the working classes to subsist on their ordinary wages. It was partly from a conviction to this effect, and partly in consequence of the tendency to disturbance and riots among the agricultural labourers, that the allowance system was at this time introduced. There was at the same time a general acquiescence on the part of employers in the necessity of some advance of wages, which, however, when conceded, bore still a very inadequate proportion to the increased price of the

* “Engagement by such members as may choose to sign the same:—

“To reduce the consumption of wheat in the families subscribing such engagement by at least one third of the usual quantity consumed in ordinary times, and to recommend the same in their neighbourhoods. Agreement to be in force till fourteen days after the commencement of next session of Parliament, unless the average price of wheat should, in the mean time, be reduced to 8s. per bushel.” — *Parliamentary History*, Dec. 11. 1795.

† It was as one of the means of diminishing the consumption of wheat on the occasion of this scarcity, that the notable hair-powder tax was imposed — a measure which hastened the discontinuance of that strange fashion.

necessaries of life. The distress *, accordingly, of the working and poorer classes was very severe, and the privations of the classes immediately above them, and generally of all classes depending on limited money incomes, were great. The whole period, indeed, of this memorable dearth, was one of much suffering to the bulk of the community. But it was a time of great prosperity to the landed interests, that is, to the landlords who were raising, or had the prospect of soon raising, their rents; and to the farmers, who were realising enormous gains pending the currency of their leases. The following extract from an article by Arthur Young, in the *Annals of Agriculture*, for 1796, will serve as a practical illustration of the principle which I have had occasion to notice; viz., of the effect of a deficiency in raising the price greatly beyond the ratio of the defect, and of the consequent larger sum distributed among the growers than could be derived from medium or abundant crops.

“The average price of wheat for the twelve months, from May 1795 to April 1796, has been, on an average, in England and Wales, 10*s.* 7*d.* per bushel, and that of barley 4*s.* 9*d.* Now the price for twelve years, ending 1794, was for wheat 5*s.* 10*d.*, and for barley 3*s.* 3*d.* For the year above described, therefore, the price has exceeded that average 4*s.* 9*d.* per bushel for wheat, and 1*s.* 6*d.* for barley. Let us suppose the annual consumption of wheat to be 8,701,875 quarters, and that of barley 10,545,000 quarters; and, further, that the deficiency of the crop on the average, of the two years, so far as they affect the period in question, has amounted, in wheat, to one fifth; and that the barley has, on an average of the two crops, been a medium: in this case there would have been consumed —

Of wheat 6,961,500 qrs. the extra price on which	
at 4 <i>s.</i> 9 <i>d.</i> the bushel, or 38 <i>s.</i> the quarter, is	13,226,849 <i>l.</i>
Of barley, 10,545,000 qrs. at 1 <i>s.</i> 6 <i>d.</i> per bushel,	
or 12 <i>s.</i> the quarter	6,327,000 <i>l.</i>
	<hr/>
	19,553,849 <i>l.</i>
	<hr/>

* In a reference to this period, in the *Annual Register* for 1796, it is observed that “the scarcity was wofully felt by the poorer sort, several of whom perished for want.” p. 9.

If, therefore, these data are just, and they are ventured merely as calculation on uncertain foundations, the farmers have received in these two articles only near 20,000,000*l.* sterling beyond the deficiency of the crop, supposing the deficiency to be one fifth, which is a very great one, and without adding a word on the price of meat of any other article." — Vol. xxvi. p. 469.

The dearth of provisions, and the apprehensions of further scarcity, reached their height in the spring of 1796, the average price of wheat having advanced to 100*s.* When, however, the influence of the Bounty, in addition to the encouragement of the markets in this country, was ascertained to be effectual in preparations for a large importation, the prices of corn began to give way, and the fall was hastened by the mildness of the season, the winter of 1795-96 having been one of the warmest, as that of 1794-95 had been one of the coldest upon record.

The harvest of 1796 was abundant, and tolerably well secured. This, with the addition of an importation of upwards of 800,000 quarters, reduced the average price of wheat before the close of the year, to 57*s.* 3*d.*; and the fall continued, progressively, till the summer of 1797, when the average ranged between 49*s.* and 50*s.*

In 1797, the spring was backward, the summer variable, and rather cold, and the harvest wet and stormy, and the general reports of the crops unfavourable, both as to quality and quantity. In consequence of the apprehensions entertained of injury from the weather, the prices of wheat advanced from an average of 50*s.* in June, to 60*s.* in October. But, notwithstanding that all that could be ascertained of the crops proved the existence of some deficiency of quantity, as well as inferiority of quality, the price declined again by the close of the year to an average of 52*s.* 9*d.*, and in February, 1798, to 49*s.* 10*d.* This decline was apparently occasioned by the surplus of the former year, com-

bined with a further importation of 407,242 quarters of wheat, in 1797. It is consequently clear that if this year's crops had been abundant, the fall of price would have been more considerable.

The season of 1798 proved to be moderately productive. The summer was dry and warm, the harvest forward, and the crops secured in good order. The spring crops had suffered from the heat and drought. The wheat crop was the best, although not considered to be large; but coming early to market, the average price which in August had been 51s. 3d., fell in November of that year to a fraction below 48s.

The following statement of the average prices will show the subsidence of the prices of corn at the close of 1798, to nearly the level of what they had been at the close of 1792—

Years.		Wheat.	Barley.	Oats.
1792.	Dec.	47s. 2d.	29s. 10d.	18s. 6d.
1798.	Nov.	47s. 10d.	29s. 0d.	19s. 10d.

So that after six years of war, involving a greatly increasing expenditure, defrayed by loans, much larger towards the later than at the earlier period, we see the prices of corn, after having been elevated by scarcity, obviously arising from the seasons, falling, upon the return of only moderate abundance, to the level whence they had risen.

SECTION 2.—*On the Prices of Commodities from 1793 to 1798.*

While the prices of provisions had been undergoing such great variations from the vicissitudes of the seasons, the prices of other articles experienced also an extraordinary fluctuation.

There had been, as has been noticed, a general

fall of prices at the commencement of the war, and they continued at a comparatively low range through the greater part of 1794. In 1795, several circumstances combined to occasion a range of high prices, besides those of provisions. Two successive bad seasons on the Continent of Europe as well as in this country had rendered all European agricultural produce scarce and dear, such as linseed and rapeseed, olive oil, and tallow. Silk in Italy and the vintages in France had suffered from the inclemency of the season. There was an extraordinary competition between our government and that of France in the purchase of naval stores in the north of Europe, thus greatly raising the prices of hemp, flax, iron, and timber. The prospect of a war with Spain, which broke out in the year following, affected several descriptions of Spanish produce. Colonial produce, of which a scarcity consequent on the failure of the supplies from St. Domingo was now generally felt throughout Europe, experienced a fresh rise. All these classes of commodities continued to rise through 1795 and part of 1796. Those which were affected by the seasons in Europe, fell in the latter part of 1796, and in 1797, although from the increased cost of production, and in the case of naval and military stores from the increasing demand, not to their former level.

The following are specimens of the fluctuation of this class of articles :—

	1793-4	1795-6	1796-7
Ashes, per cwt.-	24s. to 31s.	60s. to 70s.	39s. to 55s.
Flax, per ton -	28l. - 32l.	54l. - 57l.	44l. - 45l.
Hemp, do. -	22l. - 23l.	58l. - 59l.	32l. - 34l.
Foreign iron, do.	12l. - —	22l. 5s.	19l. 15s.
Linseed, per qr. -	35s. - 40s.	60s. - 63s.	30s. - 35s.
Oil, Gallipoli, per ton -	42l. - 46l.	70l. - 71l.	60l. - 63l.
Rice, per cwt. -	15s. - 16s.	41s. - 43s.	15s. to 16s.
Tallow, do. -	38s. - 39s.	78s. - 80s.	46s. - 47s.
Timber, per load	43s. - —	80s. - —	50s. - 55s.

But a very important class of articles, viz., coffee, sugar, indigo, pepper, cotton, cochineal, and other articles of colonial produce, which had begun to rise in 1795, continued to advance till the close of 1798, insomuch that, at the end of the latter year (and in the first two or three months of 1799) they attained a greater height than at any subsequent period between that and 1814, when the great speculative exports to the Continent took place. The following are some of the instances of the rise of prices which the leading articles of colonial produce experienced from different periods in 1793 and 1794 to the close of 1798, and the three months following:—

	1793-4	1798-9
Coffee, Jamaica, per cwt.	77s. to 95s.	185s. to 196s.
Sugar, Muscovado, do. -	32s. - 58s.	62s. - 87s.
—, East India, white	60s. - 70s.	96s. - 115s.
Cotton, bowed Georgia, per lb. -	1s. 1d. - 1s. 4d.	3s. 6d. - 4s. 6d.
Cochineal -	- 12s. - 12s. 3d.	54s.
Indigo, E. I. superior -	7s. 6d. - 9s. 6d.	11s. - 13s. 9d.
Pepper, black, per lb. -	13d.	22d.
Logwood, per ton -	6l. - 8l.	48l. - 50l.
Tobacco, per lb. -	3d. - 5d.	11½d. - 16d.

This enormous advance of prices of a class of articles involving a vast amount of capital, had its origin, or at least received its main impulse, in 1796. And the rise continued almost uninterrupted through 1797 and 1798, notwithstanding a progressive coincident rise of the exchanges which in the latter year attained an unprecedented height, that on Hamburg having reached 38s. The demand was chiefly for export to the Continent of Europe, and the principal channel was Hamburg. It is further to be observed, that this large class of articles was rising while corn was falling; and that they attained at the close of 1798, some a little less, and some a great deal more than 100 per cent. above their previous rate, while corn had fallen 50 per cent. below the rate which it had attained in 1795-6.

I have been the more disposed to dwell upon this remarkable feature of the state of prices in the interval under consideration; because I am quite satisfied that, among those who recollect or have heard of those enormous prices of colonial produce, there is a vague impression that, as they occurred two years after the Bank restriction, and in the height of the war, they were the consequence of one or the other.

That these high prices were not the consequence of any enlargement, but were in spite of a great contraction of the basis of the currency, will be seen presently; and it is quite clear that they were not caused by a demand arising out of the expenditure of our government, seeing that the demand was chiefly from abroad, and they were not connected with war on the Continent, seeing that the powers of the Continent were at peace from the spring of 1797 till 1799. The negative of the influence of war applies, however, only to the supposition of any extra consumption or demand thence arising to account for the high prices. That the effect of the war was to obstruct supplies and to increase the cost of production, if it were only by the difference of freight and insurance, has been already stated, and is in this, and all other instances, to be considered as being implied. But this is not the sense to which the supposed influence of war on prices divested of taxation is commonly confined.

Thus, we have seen that at the close of 1798 (and this is the reason for having extended the epoch to six instead of five years), while corn and provisions generally, and some other articles of European produce, had, as a consequence of two remarkably unproductive seasons, risen upwards of 100 per cent. in 1795 and 1796, and had subsided at the termination of the interval to the level from whence they had risen,

another and a most important class of commodities reached, by the end of 1798, to an enormous and unprecedented height, and were then much higher than during any subsequent period of the war.

SECTION 3.—*Bank Circulation, 1793 to 1798.*

In the preceding sketch of prices they have been considered without reference to the state of the circulation.

To what extent, if at all, the great fluctuations were influenced by the currency, will appear in a clearer point of view by taking a survey of the state of the circulation during the whole of the interval which has been under consideration, than if detached references had been made to it in the progress of the examination of the circumstances which immediately affected the prices through the medium of supply and demand; and this mode of examining, at the close of each interval or epoch, the regulation of the Bank issues, and the general state of the circulation, during such interval, will be adopted in the succeeding epochs.

There has before been occasion to observe, that at the commencement of 1793, the general circulation was greatly deranged by the failures of many of the country banks, and of many considerable mercantile establishments. The commercial discredit and distress thence arising, surpassed in degree and extent of suffering any of which there had been any previous example. The causes of the mercantile failures and consequent commercial discredit, have been before noticed. They were not confined to this country; but were connected with a very general excess of the circulation of mercantile paper, and

a great prevalence of the spirit of speculation in the principal trading towns of the continent of Europe, and in America. But the peculiar feature, as related to this country, was in the failure of an extraordinary number of country banks*: the more extraordinary, as the previous existence of such numbers of them, and such an extent of circulation, seems hardly to have attracted notice, or to have come in any way within the knowledge of the public. In this, as in subsequent instances, the growth of the country circulation followed the extension of agriculture, and trade, and manufactures. It is observed by Mr. Henry Thornton, in his work, published in 1802, on Paper Credit, that “a great increase of country banks took place during the time which intervened between the American war and that of the French revolution, and chiefly in the latter part of it; a period during which the population, the agriculture, and the trade of the country had advanced very considerably.”

The circumstances of the period following the termination of the American war were, doubtless, very favourable to the extension of that description of circulation.

After the forcible and extraordinary contraction which the Bank of England had resorted to in 1783 and 1784, with a view, in which it succeeded, to stop the drain of its treasure, which had been reduced to the lowest ebb, there was a steady and uninterrupted influx of gold into its coffer

* The following is an extract from the list of Bankruptcies:—

			Total number of commissions.	Against country bankers.
1791	-	-	- 769	1
1792	-	-	- 934	1
1793	-	-	- 1956	26

Appendix to the Report of the Lords' Committee on the Resumption of Cash Payments, 1819.

during the five following years; and the basis of the currency was necessarily increased by the issue of bank notes in payment for the gold. The circulation, accordingly, of the Bank, which had ranged at a little more than 6,000,000*l.* between 1783 and 1785, had in 1789 reached 11,121,800*l.*, and its bullion amounted to 8,645,860*l.** This influx of bullion, and the consequent increase of the Bank issues, had the natural effect, as it was in a period of confidence, of reducing the rate of interest; and the fall of the market rate of interest, while the Bank did not lower its rate of discount, enabled the country banks to extend their issues in advances and discounts, which, if the current market rate of interest had been higher, would have been, in part at least, applied for at the Bank. The discounts at the Bank, which in 1785 had been 4,973,926*l.*, were reduced in 1789 to 2,035,901*l.*

There was another circumstance which had, probably, more than any other single cause, contributed to the growth of the country circulation. It is well known that rising prices of corn and farming stock, and the consequently improved state and credit of the farmers, have been among the principal occasions of an increased issue and circulation by the country banks: and this was a state of things which prevailed between 1787 and 1791. During that interval, after a low range of prices preceding the harvest of 1787, there was, without any extraordinary scarcity, such a degree of comparative deficiency of produce as raised and maintained a relatively high range of prices till the harvest of 1791, the abundance of which occasioned a temporary considerable fall of prices. It might be thought by those who consider every increase of the circulation as a cause, of a rise of prices, that those of agricultural produce from 1787 to 1792

* Being one half of its liabilities, which were 17,524,250*l.*

had been raised by that increased circulation. But as a proof that the rise was not the effect of any increase of currency, peculiar to this country, it is requisite to advert to the fact, that the advance of prices had been greater on the continent of Europe, and especially in France, than here; and that in order to prevent the effect of that higher state of prices abroad from drawing supplies from this country, our own crops of 1788 and 1789 having been considered rather deficient, the exportation from this country was prohibited by proclamation; and if the prices of corn had been raised by the amount of the circulation between 1788 and 1790, the still increased amount ought to have prevented the fall which occurred at the close of 1791 and the beginning of 1792.

It is not improbable, indeed, that the fall of prices of agricultural produce, which occurred in the early part of 1792, as a consequence of the abundant harvest of 1791, had the effect of impairing the securities of the country banks, through that medium of issue, and may thus, concurrently with the recoil from overtrading in other branches, have occasioned the extensive failures and discredit that marked the close of 1792 and 1793. Of that calamitous time, some contemporary accounts will be found in the Appendix.

This somewhat detailed explanation of the circumstances connected with the country circulation, which experienced so great a derangement, has appeared to me to be desirable, as affording means for the better judging of the position of the Bank of England in 1793, and of the influence of the regulation of its issues in the eventful period now under consideration.

The treasure of the Bank, which had been 8,055,510*l.*, in August, 1791, was reduced in February, 1793, to 4,010,680*l.*, while its circulation was maintained at nearly the same amount of between

eleven and twelve millions. There had been a decline of the foreign exchanges in 1792, which may account, in some degree, for the drain; the greater part however of the drain seems to have been occasioned by a demand from the country bankers, for the purpose of enabling them to meet the run which they experienced. But although the Bank fully kept up the amount of its issues, while it had supplied a large amount of gold to the country, the total of the circulating medium at the beginning of 1793 was in a very contracted state, or, in other words, the pressure on the money market was very severe; and this, notwithstanding that the Bank was liberal in its discounts*, which had increased from 1,898,640*l.*, in August, 1791, to 6,456,041*l.*, in February, 1793.

It has been already observed, that prices of almost all commodities, with the exception of corn, were lower in 1793 than they had been in the two years preceding; and the price of wheat was below the average of the three years previous to the harvest of 1791. The price of 3 per cent. consols had fallen from 96, in 1792, to 72, in 1793, at which price the first loan in preparation for the war, amounting to 4,500,000*l.*, was contracted.†

* It may here be observed, that a demand for increased discounts at the Bank of England is rarely, if ever, felt in the early stages of a speculative tendency, or as a means of making purchases, with a view to a further advance. It is chiefly when a pause takes place in the expected advance, and still more after the commencement of a fall, that the applications for discount become urgent, for the purpose of enabling the parties to meet engagements entered into some time before, and for which they may be supposed to have reckoned on funds to have been realised by advantageous sales.

† "It was originally intended to have raised this loan on a 4 or 5 per cent. stock; but the embarrassed state of commercial credit having caused a scarcity of money, the minister only received offers from one set of subscribers; and as they preferred 3 per cents., it was judged expedient to conclude the bargain in that stock at the above price, which was between 4 and 5

This general depression of credit and of prices was the main cause of the contraction of the circulation, and not the contraction of the circulation a cause of the depression. A grant had been made by parliament of exchequer bills to be advanced on loan in aid of commercial credit. But this measure appears to have had no influence on the circulation, or on the state of prices. And in point of fact the pressure and discredit and stagnation had ceased before the proposed advance of exchequer bills came into operation.

The bullion in the Bank in August*, 1794, amounted to considerably more than one third of its liabilities, and the exchanges till the autumn of that year maintained a high range; but they afterwards gave way, that on Hamburg having fallen from 36-7, in May, to 34-5, in November, in consequence of the large foreign payments which were then to be made. This decline of the exchanges, with the knowledge or intimation of the foreign expenditure in progress, should, according to a correct system of management, have operated as a warning and inducement to contract the circulation. But as under circumstances, in some respects, analogous, in 1782, and again in more recent instances, when the critical moment arrived, upon the turn of which de-

per cent. under the current price. Mr. Pitt admitted that the terms were much more disadvantageous to the public than might have been expected; but having done every thing in his power to excite a competition without effect, they were the best he could procure."—*Terms of Loans, by J. J. Grellier, 1802.*

	£		£
* Circulation -	10,286,780	Securities -	12,446,460
Deposits -	5,935,710	Bullion -	6,770,110
	<hr/>		<hr/>
Liabilities	16,222,490		19,216,573
	<hr/>		<hr/>

In 1794 the Bank first issued notes under 10*l*.

pended the preservation of the value of the paper, the regulation of the issues proved to be the reverse of what it ought to have been. Instead of a contraction there was an enlargement. And although the increased issue was of very short duration, it could hardly fail, while it lasted, of giving additional force to the causes operating to a depression of the exchanges, and to a consequent increased tendency to an efflux of the metals, and greatly increasing the difficulty of counteracting a further pressure on the exchanges. If the difference of the issues on particular days be taken, the increase will be very striking: — Thus, on the

30th Aug. 1794, the amount was,	10,286,780 <i>l</i> .
28th February, 1795	- 14,017,510 <i>l</i> .

a difference accounted for by the well known circumstance of the bills drawn for account of the Austrian government on the treasury of this country, and accepted by the treasury, payable at the Bank. But this comparison of particular days, although they are those on which the usual returns are made, gives an exaggerated view of the case, and it is more fair to take the *average* issues for the quarter, thus: — Quarter ending

30th September, 1794	-	10,422,900 <i>l</i> .
31st December - - -	-	10,964,980 <i>l</i> .
31st March, 1795 - - -	-	12,421,260 <i>l</i> .

Here in the last quarter of 1794, there was an increase of 500,000*l*., and in the first quarter of 1795 an increase of 2,000,000*l*. But it is not a little singular, and the fact may serve as a proof of the anomalies which perplex the question of the regulation of the bank issues, that, coincidently with this increased issue, the exchanges actually experienced some improvement. The quotations were,

On Hamburg, Dec. 1794	-	34·9 to 34·6.
„ Jan. 1795	-	34·6 to 35·6.
„ Feb. „	-	35·6 to 36·6.
„ March „	-	35·8 to 36·5.

And in order to prove that this rise of the exchanges was not partial or artificial, it may be observed that the price of standard silver fell from 5*s.* 2½*d.* per oz. in December, 1794, to 5*s.* 1*d.* in the first three months of 1795, the price of gold continuing at 3*l.* 17*s.* 6*d.* per oz.; the Lisbon exchange improved in the same proportion; and the whole of the reduction of the treasure of the Bank, between August, 1794, and February, 1795, had been only 650,000*l.*, leaving still a stock of 6,127,720*l.*, against liabilities amounting to 19,990,530*l.*

It must be added, in justice to the Bank Directors of that time, that they thenceforth retraced their steps, and resolutely contracted their issues, which in the quarter ending June 30. 1795, were lower by one million and a half than they had been in the preceding quarter, and lower than they had been on the average of the preceding three years. And if a specimen of the degree of reduction be taken on particular days, as the previous increase has been, it would stand thus in juxtaposition with the exchange:—

		Exchange.
28th February, 1795	-	14,017,510 <i>l.</i> - 36·0
31st August, „	-	10,862,200 <i>l.</i> - 32·6

the Bank treasure having been reduced in the interval from 6,127,720*l.* to 5,136,350*l.* But, notwithstanding this reduction of issue, and a diminution of a million of the stock of bullion, such was the overpowering pressure of foreign payment, now increased by the necessity for an import of foreign grain, and by the enormous prices to which the competition of the French government had

raised the prices of naval stores in the Baltic, that the exchanges gave way rapidly, as is seen by the above quotation, and the drain on the treasure of the Bank, chiefly, if not exclusively, for export, continued through the remainder of 1795, and the greater part of 1796.

At the close of 1795, a notice was exhibited at the doors of the Bank, announcing that, in future, only a certain proportion of the applications for discount would be complied with, however high might be the credit of the parties.* This announcement, combined with the actual contraction of the issues, occasioned a very severe pressure on the money market; and in the spring of 1796 there were great complaints of an insufficiency of circulating medium for the trade in the metropolis. As a specimen of the feeling of the time, it may be worth while to notice the heads of some resolutions passed at a meeting of merchants and bankers, held at the London Tavern, on the 2d April, 1796.

“ At a select meeting of gentlemen interested in and acquainted with the principles of internal circulation, held at the London Tavern, on Saturday, the 2d April, 1796, Sir Stephen Lushington, Bart., in the chair: — Resolved,

1. That it is the opinion of this meeting that there has existed, for a considerable time past, and does exist at present, an alarming scarcity of money in the city of London.

2. That this scarcity proceeds chiefly, if not entirely, from an increase of the commerce of the

* The notice was to the following effect:—

“ 31. Dec. 1795.

“ That in future, whenever bills sent in for discount shall in any day amount to a larger sum than it shall be resolved to discount on that day, a pro rata proportion of such bills in each parcel as are not otherwise objectionable, will be returned to the person sending in the same, without regard to the respectability of the party sending in the bills, or the solidity of the bills themselves.”

country, and from the great diminution of mercantile discounts which the Bank of England has thought proper to introduce in the conduct of that establishment during the last three months."

After some other resolutions to the same effect, a committee was appointed, consisting of the Chairman, Walter Boyd, Esq., Sir James Sanderson, Bart., Mr. Alderman Anderson, Mr. Alderman Lushington, John Inglis, Esq., J. J. Angerstein, Esq., for the purpose of digesting the outlines of a plan for augmenting the circulating medium of the country.

A plan was afterwards drawn up by Mr. Boyd, for a board to be constituted by act of Parliament, for the support of credit. They were to issue promissory notes, payable six months after date, bearing interest at the rate of $1\frac{1}{4}d.$ per 100*l.*, or 1*l.* 18*s.* per cent. per annum, upon receiving the value in gold and silver, Bank of England notes, or in bills of Exchange not having more than three months to run.

The details of the plan were given in a report drawn up by Mr. Boyd. These were laid before the chancellor of the exchequer, with whom the committee had an interview. They there learned that it had been proposed by the Bank directors, as the best remedy for the scarcity of money, that the floating debt should be funded. The minister said, that he would first try what this would do towards removing the scarcity of money, and if it should answer the purpose, the establishment of a board for the support of credit would be unnecessary.

Mr. Boyd, in his pamphlet from which these extracts are made, adds : —

"The floating debt was funded by means of the loan of 7,500,000*l.*, which was contracted on very liberal terms, upon the prospect held out to the contractors of a total change of system on the part of the Bank. How this prospect was realised, the distresses of the city in the end of May, 1796, can testify."

The pressure on the money market here recorded, is particularly deserving of notice, as showing that the high price of provisions, in the spring of 1796, was not in any degree owing to an enlarged circulation. And Mr. Henry Thornton appears to have been struck by the same circumstance, as he observes, —

“ The following facts furnish a convincing proof that the late high prices of corn have not been owing to the enlargement of Bank of England paper. By the account which the Bank rendered to Parliament, it appears that the amount of Bank of England notes, was, on the 25th February, 1795 *, 13,539,160*l*. In the three months immediately following, the average price of wheat in the London market was about 57*s*. per quarter.

By the same account it appears that the amount of Bank of England notes was, on the 25th February, 1796, 11,030,116*l*. In the three months immediately following, the average price of wheat in the London corn market was about 94*s*. per quarter.” p. 314.

In point of fact, with the single exception of the increase which took place in the first months of 1795, and which was withdrawn before the expiration of the quarter, the Bank circulation was lower, on the average, during the prevalence of the highest prices in the interval under consideration, than it had been, on the average, in 1791 and 1792. This contraction of the Bank of England circulation, coincidently with so great an advance of the prices of provisions, and of a large proportion of commodities, as had taken place in the spring of 1796, seems to have been counter-vailed in some degree by an expansion of country bank and private credit circulation; that expansion being usually, if not inevitably, the consequence of a *tendency*, from causes real or imagined, to an advance of prices.

* The difference between this amount and that which has just before been quoted as the amount on the 28th February, 1795, arises from the amount of Bank post bills being included in the latter and not in the former.

The very circumstance of the derangement of the country bank circulation at the close of 1796, supposes a previous enlargement of it. It is probable that the great fall of the prices of corn and cattle, after the spring of 1796, was among the causes tending to produce the derangement of the country circulation.

But low as the amount of the circulation had been, on the average of the last nine months of 1795, and the early part of 1796, it was still further reduced in the last six months of 1796, as will be seen by the following return of the quarterly averages :—

January to March	-	-	10,824,150 <i>l</i> .
April to June	-	-	10,770,200 <i>l</i> .
July to September	-	-	9,720,440 <i>l</i> .
October to December	-	-	9,645,710 <i>l</i> .

It might have been imagined that the contraction had thus been pushed far enough, inasmuch as the exchanges had improved, and were evidently improving, so as almost to ensure a return of the bullion that had been exported. But a fresh cause of drain supervened. This cause is thus explained in the report of the Lords' Committee of Secrecy in 1797 :—

“ The alarm of invasion which, when an immediate attack was first apprehended in Ireland, had occasioned some extraordinary demand for cash on the Bank of England, in the months of December and January last, began in February to produce similar effects in the North of England. Your Committee find, that, in consequence of this apprehension, the farmers suddenly brought the produce of their lands to sale, and carried the notes of the country banks, which they had collected by these and other means, into those banks for payment ; that this unusual and sudden demand for cash reduced the several banks at Newcastle to the necessity of suspending their payments in specie, and of availing themselves of all the means in their power of procuring a speedy supply of cash from the metropolis ; that the effects of this demand on the Newcastle Banks, and of their suspension of payments in cash, soon spread over various parts of the country, from whence similar applications were consequent. . . made to

the metropolis for cash ; that the alarm thus diffused, not only occasioned an increased demand for cash in the country, but probably a disposition in many to hoard what was thus obtained : that this call on the metropolis, through whatever channels, directly affected the Bank of England as the great repository of cash, and was in the course of still further operation upon it when stopped by the minute of council of the 26th February."

The landing of some troops from a French frigate which had accidentally got into the port of Fishgard, in Wales, tended to increase the prevailing alarm.

The contraction of the circulation, immediately previous to the issuing of the order in council, had been carried to an extreme degree, the issues on the 25th February having been reduced to 8,640,250*l.* *

* The policy, on the part of the Bank, of this extreme contraction was questioned by Mr. Henry Thornton, in his evidence before the committees in 1797, as also in his publication on paper credit in 1802. The rationale of the objections that have been urged against that degree of reduction of the circulation is, that having carried it to a degree that was effectual in restoring the exchanges, and thus securing the return from abroad of the gold that had been exported, the expedient course, on the part of the Bank, when the demand for gold became confined to the interior, and evidently arose from the discredit of the country circulation, was to enlarge its issues, instead of further contracting them, as the Bank did ; for, by such further contraction, the difficulties and discredit of the country banks were aggravated, and the demands upon them, and by them upon the Bank, for gold became more urgent. And the success of an opposite course in a memorable instance of more recent date has given considerable force to the reasoning upon which that objection proceeds. But the doctrine is to be received with great caution, as it may easily be perverted into a justification of a very lax and improvident management.

The directors, in 1797, pursued a clear and steady course in the reduction of the amount of their paper, in order to counteract the drain on their treasure ; and there is reason to believe, that if, instead of applying to the government with a statement of their apprehensions, which led to an interference by the order of council of the 26th of February, they had, as the directors in 1783 did, gone on with the intention of paying to their last guinea (when at worst they could but have stopped), they would have surmounted the run. The reason for this

The effect of this extreme contraction was felt chiefly, as may be supposed, in the money market. Exchequer bills, bearing $3\frac{1}{2}d.$ per day, were sold at $3l.$ and $3l. 10s.$ per cent. discount, and it was said, that in some instances sales were made at $5l.$ per cent. discount. Navy and victualling bills were also at an enormous discount, and the 3 per cent. consols fell below 50. Mercantile bills, excepting such as came within Bank time and regulations, were hardly negotiable at all, or were subject to heavy commissions, by way of evading the operation of the usury law.

But while in the rate of interest, and in the price of public securities, the effect was naturally very great, it was hardly perceptible in the markets for goods. The price of corn * had previously been falling from restored abundance, while from the opposite cause, scarcity, actual or apprehended, colonial produce continued to rise, notwithstanding not only the pressure on the money market,

opinion is, that the circulation was already so contracted that the reduced number of notes then out-standing were become so much wanted for immediate payments, as to be less and less likely to be returned to the Bank for gold; while, on the other hand, the tide of the metals was setting in so strongly from abroad as almost to insure a sufficient supply to meet the internal demand. A strong corroborative ground for such a supposition is, that before the order in council for the restriction had reached Dublin, the run on the Bank of Ireland had altogether ceased, and the directors of that establishment expressed great reluctance at being prevented from continuing to pay in specie, which they considered themselves well able to do. And it is a fair presumption that as a demand for gold, under the alarm of invasion in Ireland, had been one of the predisposing causes of the run in this country, the same general circumstances which restored confidence in the circulation there would quickly operate in arresting the progress of discredit here.

* So buoyant were the corn markets, notwithstanding the contracted state of the currency, that, in consequence of bad weather at the harvest of 1797, the price rose in September of that year $10s.$ the quarter, and afterwards fell again slowly when the sufficiency of the supply was ascertained.

but notwithstanding also the great advance of the exchanges.*

On the day following the order in council, the Bank increased its issues, and on the 28th of February† the amount stood at one million higher than it had done on the 25th. The average for the whole year was somewhat higher than it had been in 1796, although lower than in 1795. But in the amount of the Bank circulation in 1797 are included notes under 5*l.*, amounting to somewhat under a million, which must be considered as wholly in the place of so much gold, which would otherwise have circulated. Indeed the increase of Bank notes was in a small proportion only to the increase of bullion, which was between three and four millions.

The exchanges, which had given way a little on the post day following the order in council,

* It is not possible to adduce an instance more striking than that which is here adverted to, of the inefficacy of a contraction of the circulation in counteracting the tendency to an advance of prices under the influence of actual scarcity, or of the force of opinion of prospective scarcity, relatively to the estimated rate of consumption. For in the present instance, instead of a rise of prices of exportable commodities having been *caused* by an exchange adverse to this country, and therefore holding out a compensation to the foreign buyer for a higher price, the prices of such commodities advanced 50 to 100 per cent., while the exchanges likewise advanced 10 to 20 per cent.

† The position of the Bank on the 28th of February, 1797, being the day following the restriction, was:—

<i>£</i>		<i>£</i>	
Circulation	- 9,674,780	Securities, public	- 11,714,431
Deposits	- 4,891,530	private	- 5,123,319
<hr/>		<hr/>	
Liabilities	- 14,566,310		16,837,750
		Bullion	- 1,086,170
		<hr/>	
		17,923,920	

The above amount of liabilities is lower than it had been since 1787.

under an impression that there was likely to be an excessive issue of paper, rallied immediately after, upon its being found that there was no tendency to such excess. And as a great part of our government expenditure abroad had ceased, in consequence of the peace between Austria and France, by the treaty of Leoben, they continued to rise till they got considerably above par.

The Hamburgh exchange attained, before the close of that year, a quotation which it had never before reached, viz. 38 ; and it ranged at about that high rate through the whole of 1798. This extraordinarily high state of the exchange was attended with a great influx of bullion, the stock of which in the Bank, by the end of August, amounted to six million five hundred thousand pounds *; and at the end of that year, was above seven millions, being in the proportion of more than one third of its liabilities. The Bank was, in consequence, in a condition to resume its payments in specie, and an announcement was made by the directors to government to that effect. The government, however, from a consideration of the political state of the country, deemed it expedient to continue the restriction.

But the great rise of the exchanges, and the rapid influx of bullion, and a great fall in the prices

* The position of the Bank in August 1798 was : —

	£		£
Circulation, Bank		Securities, public	10,930,038
notes of 5 <i>l.</i> and		private	6,419,602
upwards, and post			<hr/>
bills - - -	10,649,550		17,349,640
under 5 <i>l.</i> -	1,531,060	Bullion - -	6,546,100
	<hr/>		<hr/>
	12,180,610		23,895,740
Deposits - -	8,300,720		<hr/>
	<hr/>		
Liabilities	20,481,330		
	<hr/>		

of provisions, were coincident with an increased issue of Bank paper ; thus proving that the intermediate depression of the exchanges, and the consequent great efflux of bullion, were not caused by an increased amount, and consequent diminished value of the currency of this country, but by a great and sudden emergency, which occasioned an extraordinary demand for, and consequent temporarily increased value of foreign currencies, as measured in our currency ; for immediately upon the cessation of that demand, the value of those currencies fell even below their usual level as compared with ours.

Of the magnitude of the extra demand for means of making immediate payments abroad, some idea may be formed from the following statement of the foreign expenditure of government, extracted from an account inserted in the Appendix to the Report of the Lords' Committee of Secrecy in 1797* : —

			£	s.	d.
1794	-	-	8,335,592	5	5
1795	-	-	11,040,236	13	0
1796	-	-	10,649,916	0	8

To the above sums is to be added 4,702,818*l.* 18*s.* 8*d.*†, as *excess* of payments abroad for naval stores imported in those years. And the value of grain imported was in‡ —

1794	-	-	-	1,983,856 <i>l.</i>
1795	-	-	-	1,535,672 <i>l.</i>
1796	-	-	-	3,926,484 <i>l.</i>

making an aggregate of extra foreign expenditure

* Appendix to Lords' Report, No. 23. In these sums are included the loan and advances to the Emperor of Austria, 5,570,000*l.*

† Appendix to Lords' Reports, No. 27.

‡ Appendix to Lords' Reports, 1797, No. 31.

of no less than 42,174,675*l.*, in those three years of which the largest proportion fell upon the two last.

It is quite clear that, practically, no conceivable increase of exports in the way of trade could be immediately brought into operation, so as to obviate the pressure on the exchanges of so enormous and so sudden an increase of the balance of payments to be made abroad. And it was only, as has been seen, by an extraordinary contraction of the circulating medium, and by the transmission of all the bullion that could be collected, whether from the coffers of the Bank, or from the channels of circulation, that the pressure could be at all met, consistently with the maintenance of the convertibility of the paper. But the contraction of the issues of the Bank, combined with the export of bullion, *did* prove efficacious in restoring the value of the currency of this country, as compared with the currencies of other countries; and it was only an accidentally supervening cause of drain for internal circulation, that endangered the convertibility which was *prematurely* suspended by an interference of government. *Prematurely*, inasmuch as the stock of bullion had not, on the 26th of February, 1797, been reduced below a million, while the circulation had been contracted to the very low amount of 8,640,250*l.*; this proportion of the circulation to the treasure of the Bank being lower than it had been in 1783, or again in 1825, in each of which instances the run had been surmounted. Whatever, therefore, might be the motives of *policy* which dictated the suspension, it was clearly not justified at that precise time as a measure of *necessity*.

SECTION 4. — *Summary of the preceding Survey.*

From the preceding view of the state of the circulation and of prices, from 1793 to 1798, it appears,

1. That it was the extraordinary adverse balance of foreign payments, and not an increased circulation or quantity of money, that caused the depression of the exchanges, and the efflux of bullion in 1795 and 1796, inasmuch as the exchanges rose and bullion flowed rapidly back coincidently with an increase of the Bank circulation, when the foreign payments ceased.

2. That the Bank directors of that time acted upon the principle, and found it efficacious, of controlling the exchanges by a contraction of their issues.

3. That in consequence of the two very deficient harvests of 1794 and 1795, a great rise of the prices of provisions took place in 1795 and 1796, coincidently with a remarkable contraction of the Bank circulation; and that there was, coincidently with an enlargement of the circulation, a rapid fall of the prices of provisions, and a complete subsidence of them at the close of 1798, to the level of what they had been at the commencement of 1793.

4. That while, from 1796 to the close of 1798, the prices of provisions and of European produce generally were falling, the prices of all transatlantic produce were rapidly rising, coincidently with a great rise of the exchanges, and reached a greater height than they ever afterwards attained, until the commencement of 1814.

5. That the great fall of the prices of corn, and of European produce generally, from 1796 to

the close of 1798, took place coincidently with a progressively increasing government expenditure, defrayed chiefly by loans.

6. That there is as little ground, therefore, for the hypothesis of the influence of war demand (except in the case of articles constituting naval and military stores), as there is for that of the circulation, in accounting for the very extraordinary, and thus far unprecedented, fluctuations of prices which characterised the interval that has passed under review.

CHAP. III.

ON THE STATE OF PRICES, AND OF THE CIRCULATION, FROM 1799 TO 1803.

AT the commencement of the period now coming under consideration, while the prices of coffee, sugar, cotton, and generally of all transatlantic produce were, in consequence of a continued speculative demand for export, immoderately high; and while various other articles were in consequence of increased cost of production, arising out of the circumstances of the war, at a greater or less advance upon what had been their ordinary level before the war, the prices of provisions were moderate; or rather if the increased cost of production of a foreign supply, of which it was supposed that we then stood habitually in need, be taken into account, might be considered extremely low.

Of corn, the Gazette averages for England and Wales were, in January, 1799, —

For Wheat	-	49s. 6d.
Barley	-	29s. 4d.
Oats	-	19s. 10d.

And the following were the prices of meat : —

Beef, in Smithfield,	-	3s. to 3s. 4d. per st.
Mutton	-	3s. to 4s. 2d.
Pork	-	2s. 8d. to 3s. 8d.
Hay, aver. St. James's mar.	-	45s. 6d. per ld.
Straw,	- ditto,	31s.

Prices, as low as they had been on an average of several years before 1793. And the exchanges were at so high a rate as indicated a greater value of the currency relatively to the currencies of other countries, than had existed

with a trifling exception during the preceding part of the century. But a great change was about to take place; the prices of provisions, and of other European produce, rising to an enormous height, while transatlantic produce experienced a very great fall, at the same time that the exchanges underwent extraordinary fluctuations.

SECTION 1.—*Rise of the Prices of Provisions and other Articles of European Produce from the Spring of 1799 to the Spring of 1801.*

The winter of 1798-99 was extremely rigorous, and had set in very early. The autumn of 1798 had been very unfavourable for wheat sowing (which, partly perhaps from this cause, was said to be to a smaller extent than usual), and the subsequent weather was throughout adverse to vegetation.* Severe frosts setting in early, and alternating with rapid thaws, and heavy falls of snow occurring into an advanced period of the spring, gave a general character of untowardness to the season of 1799, which the subsequent progress of it more than realised.

Under this unpromising aspect of the season, the prices of grain advanced, slowly however at first, the averages for March having risen in a very

* The severity of the frosts and the suddenness of the thaws during this month have, in many respects, been unfavourable to the young wheats, especially those which were sown early. These causes have likewise prevented the operations of the plough in preparing turnip and other grounds for wheat, rye, &c., as well as for the making of summer fallows. In the more western parts of the island our reporters also observe that less wheat than usual has been sown on account of the frosts, and some other impediments. — *Monthly Agricultural Report for January, 1799.*

trifling degree. But the spring proving to be excessively cold and ungenial, and the appearance of the growing crops very unpromising a rapid rise took place in May, when the averages for grain were,

Wheat	-	-	61s. 8d.
Barley	.	-	35s.
Oats	-	-	27s. 4d.
Beef, in Smithfield		-	3s. 8d. to 5s. per st.
Mutton	-	-	4s. 4d. to 5s. 4d.
Hay	-	-	70s.
Straw	-	-	52s.

To this dry, harsh, and ungenial spring succeeded a cold and almost uninterruptedly wet summer and autumn. The consequence was, great injury to all, and destruction to some, of the crops ; and henceforth the prices of grain rose without intermission. At the close of the year the averages of corn were,

Wheat	-	-	94s. 2d.
Barley	-	-	45s. 5d.*
Oats	-	-	33s. 3d.

Although parliament had met in September 1799, there do not appear to have been any discussions in it on the high price of provisions till the 18th of February, 1800, when the House of Commons resolved itself into a committee on the report respecting the assize of bread, and the deficiency of the last crop of grain. Lord Hawkesbury then took occasion to make some statements which it may be worth while to record.

"As to the quantity of wheat consumed," he said, "a quarter of wheat in the year for each man was the general calcula-

* The crops of barley and oats had not suffered in the same degree as wheat, and the prices, it may be observed, are below their ordinary relative rate.

tion. This allowance would require between eight and nine millions of quarters to supply this country for a year. The produce of the country varied in different years; but the average computation between very high and very low seasons might come nearest the truth. This average did not feed the country; for the average importation for several years back might be estimated at one twentieth of the consumption. The deficiency of the late crop might be estimated at one third of the usual crop, which must be added to the one twentieth usually imported, in order to estimate what importation would be necessary this season. It must, however, be considered that there was in the country a stock in hand from the preceding harvest sufficient to supply one month. But if we also take the foreign supply in the country at the same period, there was certainly much more than would be consumed in a month. Considering all these circumstances, the probable amount of importation necessary this season would be about 600,000 quarters of wheat, whereas, in 1796, the importation was more than 800,000 quarters. The millers and others skilled in the subject had recommended some regulations as to the use of new bread, and had computed that by such regulations there might be a saving of one fortnight of the whole consumption. It had also been stated that millers, when the price of grain was high, and, consequently, when bread was dear, extracted from the grain a greater quantity of flour than they did at other times. This would afford a second saving. A third would arise from the use of substitutes for bread. As the price of grain, even in those countries from which we could receive a supply, was high, it was to be feared that the high price of grain in this country was inevitable; but from a review of all the circumstances, it might be collected that there was no real danger of scarcity.*

If this very statement was not descriptive of real scarcity, it is difficult to say to what degree of deficiency the term could with propriety be applied. So formidable were the appearances at that time of increasing dearth, that, in pursuance of the recommendation of the committee, recourse was again had to a bounty, and an act was accordingly passed;

* Lord Hawkesbury concluded by moving "That leave be given to bring in a bill to prohibit any person or persons from selling or offering for sale any bread which has not been baked for a certain number of hours." Leave was given. The blank for specifying the number of hours was filled up with "twenty-four." The bill went through all its stages on the following day. Various other regulations were afterwards proposed, and some of them adopted.

guaranteeing to the importer the difference between the average price of English wheat in the second week after importation and 90s. on wheat from the south of Europe, Africa, and America; 85s. from the Baltic and Germany; and 90s. from Archangel, if imported before the 1st of October, 1800.

Notwithstanding the reasonable probability from the encouragement thus held out of a large forthcoming importation, such was the scantiness of the supply in the markets, and such the apprehension excited by the unfavourable appearance of the growing crops in the spring of 1800*, that the prices of provisions continued to advance until June, 1800, when they had reached the following quotations: —

Wheat, Gazette average,	134s. 5d.
Barley - - -	69s. 1d.
Oats - - -	51s. 1d.

In Smithfield market,

Beef sold for 4s. 6d. to 6s. 4d. per stone.
Mutton and Pork 5s. 4d. to 6s. 8d.

In Newgate and Leadenhall markets,

Beef - - - 9d. to 1s. 2d. per lb.
Mutton - - - 8d. to 10d.
Veal - - - 9d. to 1s.
Pork in St. James's market, 9d. to 10d.
Hay, - - - 64s. to 122s. per ld.
Straw - - - 54s. to 63s.

The summer of 1800 was hot and dry, and as the harvest approached, the crops assumed a more promising appearance. The weather, till the third week of August, was favourable for securing the

* The autumn of 1799 had again been unfavourable for sowing wheat; the winter had been somewhat like the preceding, marked by early severity of frost, with alternations of rapid thaws; and the spring of 1800 was exceedingly wet.

corn in the more forward districts, and some quantity was well got in.

At the same time a considerable importation was in progress. There was, in consequence a sudden and great fall in all the principal markets, and the averages in August, 1800, declined to

96s. 2d. for Wheat.

54s. 3d. - Barley.

35s. 9d. - Oats.

The promising appearances of restored abundance were, however, soon changed into the sad reality of renewed and aggravated dearth.

A portion, not exceeding, according to the reports, one half of the crops, was secured in good order before the 19th of August, when heavy and almost incessant rains set in, accompanied by a high temperature and a close atmosphere, in consequence of which a great deal of the wheat was sprouted, and otherwise injured. The portion that had been secured in the southern division of the kingdom, before the rains set in, and therefore good as to mere condition, and greatly superior to that of 1799, proved to be coarse and shrivelled and light, and consequently greatly deficient in yield. This description applied to the quality of the grain generally. But the rains, which came on in August, caught a considerable proportion of the wheat still in the fields, even in the home and some of the southern districts, and injured the whole of the crops in the northern parts of the island. Accordingly, bad as the crops were in England, they were still worse in Scotland, and considerable purchases were in consequence made in Mark Lane for shipment thither. Under these circumstances, notwithstanding an importation of foreign corn to a very large amount, that of wheat alone being 1,242,507 quarters, prices rose as rapidly as they had just before fallen.

The rise, in the present instance, had been accelerated by the circumstance of the Russian government having, in the autumn of 1800, laid an embargo on British shipping. This act was considered, as it proved to be, equivalent to a declaration of war; and as the Danish government was known to be unfriendly to ours, apprehensions were naturally entertained, as they were eventually realised, that in the ensuing season the Baltic might be closed against us. The Prussian government, moreover, had a few months before, viz. in July, imposed a duty of 10s. per quarter on the exportation of wheat. It can hardly therefore be a matter of wonder that a renewed range of high prices should be the consequence, and accordingly the averages in December 1800 were,

For Wheat	-	133s.
Barley	-	76s. 7d.
Oats	-	41s. 8d.

The sufferings of the bulk of the community, under this severe visitation of dearth, were very great. The expression of them broke out in tumultuous meetings and riotous proceedings in different parts of the kingdom, in the autumn of 1800, and the peace of the metropolis was with difficulty preserved.

Parliament met on the 11th November, 1800; and the speech from the throne stated, that the meeting of it was called at an earlier period than had otherwise been intended, for the purpose of taking into consideration the measures proper to be adopted with a view to alleviate the severe pressure of distress, which was felt in consequence of the high price of provisions. The speech also alluded to the supposition * of combination and fraudulent

* The Committee of the House of Lords, in their report on the high price of provisions, referred to their examination of

practices, for the purpose of raising the price of grain, and expressed concern with reference to the disturbances which had broken out in some parts of the kingdom.

In the discussions in both Houses, to which the speech and the motions for the address gave rise, several members denied the existence of scarcity, or admitted it only in a qualified degree, and ascribed the high prices, some to war and taxation, and excess of paper circulation; while others laid most stress on monopoly and improper practices on the part of farmers and dealers.

Mr. Pitt, with reference to the allegation of improper practices, deprecated, only in general terms, any such regulations as might interfere with the freedom of trade, and of the application of industry and capital. But he more particularly applied himself to answer the arguments of those who ascribed the high price of provisions chiefly, if not exclusively, to war and taxation.

“ Since this question has been started,” he said, “ I beg leave to hint a few general observations, which seem completely to overthrow the argument of those who impute the dearness of provisions to the war. In a more detailed discussion, I shall be ready to examine separately the effect of every tax which has been imposed since the year 1793; to state the utmost effect which it could be supposed to have produced directly or indirectly on the price of grain; and to prove that these taxes could form, even on the most exaggerated computation, a very inconsiderable part of the increased price of provisions. To

witnesses on the alleged malpractices, and stated as the result, “ That after having inquired extensively as to the existence of the supposed combination and fraudulent practices of unfair dealers, they have not been able to trace, in any one instance, any thing more than such suspicious and vulgar reports as usually prevail in times of scarcity; and that they are of opinion that what have been represented as deep schemes and fraudulent practices to raise the market, have been only the common and usual proceedings of dealers in all articles of commerce, where there is a great demand, and where great capital and great activity are employed.”

show that the war has not any general effect to raise the price of grain, consider only the price of grain at different periods of the present war, though the argument would be strengthened by a review of former wars. Three or four years have been years of comparatively high price. In 1794 and 1795, the price was high; but in the interval of nearly three years that succeeded, that is, from about Michaelmas 1796 to Midsummer 1799, the price sunk perhaps too low for the fair profit of the farmer. The general price then in England was from 48s. to 49s. a quarter. From Michaelmas 1798 to Lady-day 1799, it was not above 48s. How then, if the war was the cause of the dearness, did it happen that the effect, which on the hypothesis should have been increasing, was suspended during an interval of nearly three years; and when likewise some of the taxes to which the effect is chiefly ascribed had been imposed? Previous to the last-mentioned period (one of great cheapness) the triple assessment had existed a twelvemonth, and must have produced its full effect. This plain fact is alone worth a thousand instances deduced by circuitous reasonings. I shall not enter into a comparative statement of the prices in former wars, nor insist on the ingenious arguments that have been adduced to show, that war is favourable to lowness of price. It is deserving of remark, however, that this country, which, from the period of the revolution, for a great part of the present century, had been used to export great quantities of grain, ceased to export and began to import in the middle of that peace which succeeded the most successful war in which this country was ever engaged. Thus it is clear, from a deduction of facts, that war of itself has no evident and necessary connection with the dearness of provisions."

He added,

"As to the extent of the deficiency of the late harvest (1800), it would be no less rash than unnecessary to give any opinion. For the practical remedies proposed, a knowledge of the precise deficit is not required. This, however, we know, that notwithstanding the clamour about monopoly, previous to the harvest, it is now universally admitted, that the old stock was very nearly exhausted. An early harvest, therefore, found us with less stock than usual; of course, that stock, unless aided by importation from abroad and economy of our own resources, must be applicable to the consumption of a shorter period than usual."

Of the assignment of the Bank circulation as a cause of the high price, Mr. Pitt seems to have taken no notice in that day's debate; but in a debate a few days after, on a motion of Mr.

Tierney's, on the state of the nation, he observed shortly, —

“ As to the stoppage of the Bank, that stoppage has taken place for some time, and the difference between the paper circulating medium of that time and the present, is very inconsiderable.”—*Parliamentary History*, vol. xxxv.

On the 24th of November, Mr. Ryder presented the first report from the Commons' committee on the high price of provisions, from which the following are extracts : —

“ There appears upon the whole of this information, reason to believe, that the general deficiency of the crop of wheat in England and Wales does not amount to quite so much as one fourth.”

“ The accounts of the stock on hand, furnished by these returns, are necessarily more uncertain ; they are in some degree various ; but they do not on the whole furnish any ground for doubting the prevailing opinion, confirmed by the general information of the members who have attended your committee, that the stock of British corn at the harvest was reduced far below its usual amount, and was in most places nearly, in many absolutely, exhausted.”

“ In addition to what has been stated respecting the produce of the crop and the stock in hand, it is to be observed, with a view to the state of the markets, in the time which has elapsed since the harvest, that the farmers, during that period, have had a double demand for the new crop for consumption and for seed.”

“ It appears to your committee, that these circumstances might be expected to have produced a very high price at this season, even if the late harvest had been abundant ; that the degree in which it has been deficient must naturally have added to such prices, whether with or without the concurrence of any other causes, the existence and effects of which your committee propose to investigate.”

The committee then state their expectation, that the deficiency will be remedied by the double operation of importation and economy. With respect to importation the committee state that,

“ Within twelve months from the 26th of September, 1799, to the 27th of September, 1800, there have been imported into Great Britain no less than 1,261,932 quarters of wheat and flour, 67,988 of barley, 479,320 of oats, and 300,693 lb. of rice. This happened under the unfavourable circumstances of a harvest

abroad uncommonly deficient in quality, and not abundant in quantity, and of the late period of the season, when the bounty was granted by parliament." *

The committee proceed to offer various suggestions; the encouragement of the fisheries, the stoppage of the distilleries, a bounty on importation, a recommendation from the highest authority, pointing out the advantages which would be derived from the general practice of economy and frugality in articles of food. And with reference to this last suggestion, the committee observes:—

“ In order to give the greatest weight and solemnity to such a recommendation, your committee submit to the House, whether it may not be proper to desire the concurrence of the other House of parliament, in a humble address to his Majesty, requesting that his Majesty would be graciously pleased to issue a proclamation for this purpose.”

A royal proclamation was issued accordingly, and circulated by the magistrates and the clergy throughout the kingdom. An act was passed, granting a bounty which guaranteed the difference between the average price of foreign wheat in the third week after importation, and 100s. to the importer

* In a sixth report, presented in December, 1800, are the following computations of the estimated consumption, and of the resources to meet the supposed deficiency:—

The usual consumption of wheat cannot be supposed to exceed 7,000,000 quarters per annum.

Amount of resources to meet the deficiency:—

Importation of wheat since the beginning of			
October above	-	-	- 170,000 qrs.
Importation of flour from the United States,			
equal to	-	-	- 580,000
Importation of wheat from Canada	-	-	- 30,000
Rice, equivalent to	-	-	- 630,000
Stoppage of starch manufactory	-	-	- 40,000
Stoppage of distilleries	-	-	- 360,000
Use of coarse meal	-	-	- 400,000
Retrenchment	-	-	- 300,000
			<hr/>
			2,510,000

of *all* wheat weighing 53 lb. per bushel, if imported within the time limited by the Act.*

These proceedings, while on the one hand they had the effect of giving the assurance, that measures were in progress calculated to diminish the consumption and to increase the supply, and thus eventually to reduce prices; yet, on the other hand, they naturally conveyed a strong impression of alarm. An official letter from the Duke of Portland, then Secretary of State for the Home Department, to the Lord Lieutenant of the county of Oxford, strongly dwelling on the deficiency of grain, and recommending economy in the use of it, was animadverted upon at the time, as being calculated to increase the general feeling of alarm.

There was, doubtless, sufficient cause for apprehension; because although there were reasonable grounds for supposing, that the measures in progress would be effectual in ultimately reducing prices, yet various contingencies of the season, and of obstructions arising out of the war, might frustrate the expectations of relief; and although the occurrence in immediate succession of a third year of deficient produce was not within moderate probability, it was not to be considered as out of calculation, there having been instances of such a succession of unproductive seasons.

Under these circumstances of actual and appre-

* On the policy of this measure it is, perhaps, scarcely necessary to remark, as it is not probable (although our subsequent policy in legislation about corn, in the opposite direction, is hardly less absurd, and certainly more injurious, as it is more permanent), that any such gross error in legislation will be repeated. It ought, indeed, to have been quite evident, that the enormously high prices then prevailing, and the further rise anticipated, would have the effect of inducing preparations, on the part of the merchants, to bring forward all the corn that could be collected, and to hasten the importation as much as possible. The very extravagance of the measure, however, proves the magnitude of the apprehensions, which were then entertained of the further progress of the dearth.

hended deficiency, the prices of provisions continued to advance. The averages of grain in December, 1800, have already been given. They advanced progressively till March, 1801, when they were—

For Wheat	-	156 <i>s.</i> 2 <i>d.</i>
Barley	-	90 <i>s.</i> 7 <i>d.</i>
Oats	-	47 <i>s.</i> 2 <i>d.</i>

And the following were the prices of meat :—

Beef, in Smithfield,		5 <i>s.</i> to 6 <i>s.</i> 6 <i>d.</i>
Mutton,	-	6 <i>s.</i> 6 <i>d.</i> to 8 <i>s.</i>
Veal,	-	6 <i>s.</i> to 8 <i>s.</i> 6 <i>d.</i>
Pork,	-	6 <i>s.</i> 6 <i>d.</i> to 7 <i>s.</i>

In retail,

Beef	-	10 <i>d.</i> to 10½ <i>d.</i>
Mutton	-	11 <i>d.</i> to 12 <i>d.</i>
Veal	-	12 <i>d.</i> to 14 <i>d.</i>

A rise in the price of dairy produce would naturally follow from the same general causes.

And not only had there been this enormous rise in the prices of provisions, between the close of 1798 and the spring of 1801, but many other articles of European raw produce had experienced a simultaneous advance, partly as the consequence of the same inclemency of the seasons as had prevailed in this country, and partly from the extraordinary obstructions to importation from political causes. Thus wool and tallow rose from the twofold cause of the seasons in diminishing both the home and foreign produce, and flax, hemp, timber, foreign iron, linseed, in short, all articles for our supply of which we depended wholly, or in part, on importation from the Baltic, experienced a very considerable rise, not only in consequence of the embargo in Russia, in the autumn of 1800, but also in consequence of the threatened hostility of

Denmark, which was likely to close against us the passage of the Sound. In addition to this extensive dearth of raw produce was the dearness of many articles of general consumption, occasioned by the progress of taxation, such as the heavy duties of excise on salt, soap, candles, and leather, which may be considered as necessaries, and on malt and beer, sugar, tea, and tobacco and spirits, which are secondary necessaries, or, perhaps, more correctly speaking, necessaries to all the classes above the very poorest. Fuel of every description had risen considerably from the same general causes.

SECTION 2.—*Rise of Wages from 1799 to 1801.*

Such and so great being the rise of prices of provisions, and of nearly all consumable commodities, it was quite impossible that the lowest of the working classes could, upon their wages, at the rate of what they were before 1795, obtain a subsistence for themselves and their families, on the lowest scale requisite to sustain human existence; and the classes above the lowest, including some portion of skilled labourers, could do little, if at all, more than provide themselves with food, clothing, and shelter, without any of the indulgences which habit had rendered necessaries. If under these circumstances there had been no rise of wages, no contributions by parishes and by individuals, in aid of wages, great numbers of the people must have actually perished, and the classes immediately above the lowest would with difficulty have preserved themselves from the same fate. In such case the suffering from dearth would have been correctly designated as a famine, a term which has been somewhat loosely applied to the period under consideration. For, severe and intense as were

the sufferings and privations of the people of this country, in the dearths of 1795 and 1796, and of 1800 and 1801, there were few recorded instances of death from actual destitution.

A rise of wages was imperatively called for by the urgency of the case, and was complied with to some extent in most of the branches of industry, the claims for increase being aided by the resource which workmen and labourers had of enlisting in the army and navy. There had already been an advance of wages in 1795 and 1796, and the allowance system had been begun and carried to some extent in those years. A further advance of wages took place in 1800 and 1801*; but still so

* Arthur Young (Annals of Agriculture, vol. 37. p. 265., 1801,) says, "a person is now living in the vicinity of Bury (Suffolk) who, when he laboured for 5*s.* a week, could purchase with that 5*s.*

				While in 1801 the same articles cost		
				£	s.	d.
A bushel of wheat	-	} 5 <i>s.</i> {	-	-	0	16 0
A ditto of Malt	-		-	-	0	9 0
A pound of Butter	-		-	-	0	1 0
A pound of Cheese	-		-	-	0	0 4
One pennyworth of Tobacco	-		-	-	0	0 1
				<hr/>		
				1 6 5		
Suppose in 1801 his wages produced him	- 9 <i>s.</i>	}	-	-	0	15 0
Suppose as a pauper from the parish rates	- 6 <i>s.</i>		-	-	0	11 5
				<hr/>		
				0 11 5		

"So that to enable him to purchase the same quantities he procured when his week's wages were 5*s.*, would now require 11*s.* 5*d.* more than his wages and the parish allowance together. The comparison is," says Mr. Young, "fair as far as it goes, because the extreme in both cases, the very lowest in the first, and the very highest in the last."

There was a rise also in artisan and manufacturing labour, between 1792 and 1801; but in a small proportion only to the rise in the prices of necessaries. Various statements were put forth by different classes of artisans, setting forth the inadequateness of the rise of wages, including the most recent advance in 1801. Among other statements was one from the journeymen tailors,

inadequate, compared with the prices of provisions, as even with parish allowances and private contributions, to leave a vast mass of privation and misery. Mr. Whitbread had, in 1795, and again in 1800, proposed bills in the House of Commons for regulating the wages of labour by the price of provisions, and prescribing a minimum of wages. There was enough of good sense to cause the rejection of such a measure. If it had been adopted, high as the prices of provisions were, they would have been still higher; as on the other hand, if wages had not risen, and if there had not been the supplementary aids to wages, the prices would not have risen so much as they did; for it must be evident that there could not in that case have been so large a sum devoted to the purchase of necessaries. The rise in the wages of labour, therefore, with the parish allowances, may be considered as having been, in the first instance, a consequence of the high prices of provisions, and subsequently a cause of the prices reaching a higher level than they could otherwise have attained.

by which it appeared that their wages, from 1777 to 1795, had been 1*l.* 1*s.* 9*d.* per week, which, at the price of 7½*d.* for the quartern loaf, would purchase thirty-six loaves; while the utmost advance of wages, which, in 1795, was to 25*s.*, and, in 1801, to 27*s.* per week, would purchase only eighteen loaves and a half in the latter year. A statement from printers' compositors, whose weekly wages were advanced from 24*s.* to 27*s.* in 1795, and to 30*s.* in 1801, gives a similar result in the disproportion of the advance of wages to the rise of necessaries.

By the Greenwich Hospital table, the wages of carpenters, bricklayers, masons, and plumbers appear to have experienced very little advance, according to the quotations of 1800, as compared with the twenty years preceding, viz. —

			<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>
Carpenters	-	-	from	2	6	and	2	8
Bricklayers	-	-	-	2	4		to	3
Masons	-	-	-	2	8		to	2
Plumbers	-	-	-	3	0		to	3

SECTION 3. — *Statement of the general Causes of the Rise of the Prices of Commodities and Labour from 1799 to 1801.*

If the circumstances, such as they have been here imperfectly described, leading to the great elevation of the prices of provisions, and of raw materials, and of articles subject to the duties of excise, and the consequent necessary rise of the wages of labour from 1799 to 1801 be carefully examined, they will be found to resolve themselves into the agency of the following causes, namely, two seasons in succession of extraordinary dearth, — taxation, — and impediments arising out of the war to importation of articles which, whether as food or as raw materials, for our manufactures were of indispensable necessity.*

* The great rise of the price of provisions and other necessities, combined with the progress of taxation consequent on the war, occasioned an enormous increase of the rate of living, as is instanced in the following: —

“ Estimate of the Expenses of House-keeping, between 1773 and 1800, by an inhabitant of Bury St. Edmunds, extracted from the Appendix to the Report of a Committee of the House of Commons in the year 1800.

	1773.			1793.			1799.			1800.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Coomb of Malt -	0	12	0	1	3	0	1	3	0	2	0	0
Chaldron of Coals -	1	11	6	2	0	6	2	6	0	2	11	0
Coomb of Oats -	0	5	0	0	13	0	0	16	0	1	1	0
Load of Hay -	2	2	0	4	10	0	5	5	0	7	0	0
Meat - - -	0	0	4	0	0	5	0	0	7	0	0	9
Butter - - -	0	0	6	0	0	11	0	0	11	0	1	4
Sugar (Loaf) -	0	0	8	0	1	0	0	1	3	0	1	4
Soap - - -	0	0	6	0	0	8	0	0	9½	0	0	10
Window Lights (30 winds.) - - -	3	10	0	7	10	0	12	12	0	12	12	0
Candles - - -	0	0	6	0	0	8	0	0	9½	0	0	10½
Poor Rates per Qr. -	0	1	0	0	2	6	0	3	0	0	5	0
	8	4	0	16	2	8	22	9	4	25	14	1½

As far as the items included in this estimate are concerned, and they appear to be correctly stated, they exhibit an increase

But simple and obvious as were the causes of the great advance of prices, there were persons who then denied, or professed to doubt the existence of scarcity to account for the high prices, as there have been persons who, in more recent times, have denied the existence of abundance as accounting for a fall of prices. And a complete parallel may be found, *mutatis mutandis*, in the arguments against the belief in scarcity at that time, to those which more recently have been urged against the belief in abundance.

The following extracts from a pamphlet, published by Mr. Boyd, in the form of a letter to Mr. Pitt, in the autumn of 1800, which attracted considerable attention at the time, may serve as specimens of ingenious arguments, brought forward to disprove the most palpable facts, and to substitute for them a perfectly unfounded hypothesis.

Nearly at the outset (page 3.) the writer states his suspicion "that the increase of prices of almost all articles of necessity, convenience, and luxury, and, indeed, of almost every species of exchangeable value, which had been gradually* taking place during the last two years, and which had recently arrived at so great a height, proceeded chiefly from the addition to the circulating medium, which he conceived to have been made by the issue of bank notes, uncontrolled by the obligation of paying them on demand." He then proceeds, in terms which have been almost verbally repeated, in recent times, by persons who apply the doctrine of depreciation to the state of prices throughout the whole period of the suspension of cash payments : —

of about 200 per cent. in 1800, compared with 1773, and this was before any material difference between paper and gold had become observable.

* A rise of 100 to 200 per cent., in two years, can hardly be called gradual.

"Can you, sir, or any man, assign any cause sufficiently general in its effects and powerful in its operation, to account for a change so general in the prices of all, or very nearly all, articles of necessity, convenience, and luxury, as well as of every species of property or exchangeable value, within so short a space of time, except the one to which I attribute it? I by no means pretend that the high price of grain (which the general voice seems to attribute to the effect of an unfavourable season) is solely occasioned by the general cause of excess of paper circulation, not founded as all paper circulation ought to be, in the precious metals. I only contend, that if there be (as is alleged) a *real scarcity* of grain, the effects of this scarcity must be very much increased by the *general cause* which I conceive to have produced the *general rise* of the price of every thing. Your mind must look down with scorn upon the stale and inadequate causes of the high price of provisions which have been assigned for it by some men, more distinguished by their station than their acquirements. You well know that *partial causes* never can produce *general effects*. You cannot fail to have sought for a great and general cause for the solution of the phenomenon which excites the general wonder. That phenomenon, I again assert, in all probability, arises from an increase of the representative signs of money totally disproportioned to the time in which it has been effected, and to any progress which the industry of the country can possibly have made within that time; and such an increase never could have existed but for the rash attempt to extend the empire of credit beyond those limits which the eternal laws of nature had marked out for it.

A great rise has taken place in every species of exchangeable value during the short period of two years. The public mind is on the rack to discover the cause of this rise, of which the most alarming effects are manifested in the article of bread. One says that there is a *real scarcity of grain*, owing to an uncommonly bad season last year, and a scanty crop this year. *How* this knowledge was acquired, I am utterly ignorant; but as it comes from a noble duke, (alluding to a letter addressed by the Duke of Portland to the lord lieutenant of the county of Oxford,) high in the administration of the internal affairs of this country, it is to be presumed that it was not promulgated on slight or doubtful grounds. This, however, I must be permitted to say, that if there did exist sufficient reason to believe the scarcity to be *real*, the influence of that cause cannot have lost any of its force by the extraordinary publicity given to it.

Another says, there is no scarcity; but a set of forestallers and regraters have monopolised the grain of the country, and sell it out at such prices as they think proper to fix from time to time."

The writer very justly ridicules and reprobates

this absurd and unjust clamour, but at greater length than the topic is worth, and then continues :—

“ The opinion of a third person is, that the scarcity and high price of bread corn proceed from a great addition made to the population of the country. How such a cause should so suddenly produce an effect of such magnitude does, I own, exceed my comprehension. At what period the seeds of this extraordinary increase were sown I cannot even guess; but it is necessary to suppose that there must have been some one or two years of uncommon fecundity, in order to account for the extraordinary addition to our population which, in this particular year, has so greatly enhanced the price of corn. The progress of population, like the growth of an individual, is so gradual and imperceptible as to escape the notice of the most vigilant observer, otherwise than in its effects; and, as in the growth of an individual it can never happen to any parent to be surprised with a child of two years old starting into the dimensions of one of twelve, so, in my humble opinion, it is not probable that it should happen to any country to find its population, in one or two years, made such an extraordinary shoot as only could have been expected in half a century; and yet such a shoot it must have made, if an increased population be admitted as the cause of the very high price of provisions in this particular year.

By a fourth, the high price of provisions is placed to the account of the war. This is a good general head for carrying all doubtful points to, — all unappropriated disasters, all stray calamities and incidental disappointments of every description. I shall not touch upon this extensive subject further than to say, that I see nothing in the mode of *conducting this war*, during the last two or three years, which ought to occasion any result affecting provisions, different from what all other wars, and this very war during the first four years of its duration, have generally produced. Whether the mode by which the means of carrying on the war have been raised, have or have not contributed to the high price of corn, as well as of every other necessary of life, is quite another consideration, and belongs to the general object of this inquiry, which is, to consider the influence of the present paper currency on the prices of commodities in general. It is sufficient for the present purpose of estimating the credit due to the assertion, that the high price of grain is occasioned *by the war*, to say, that no such conclusion is warranted by what has happened in other wars.

It has been reserved for me to assign, as the cause of the general rise which almost all things have experienced within the last two or three years (and which grain, as the article that comes most frequently in contact with money, feels the soonest and the most), the existence of a great bank, invested with the

power of issuing paper, professing to be payable on demand, but which, in fact, the bank which issues it is not obliged to pay."

These are the very arguments conveyed in the language almost *verbatim et literatim*, of the more modern partisans of the doctrine of indefinite depreciation of the currency during the Bank restriction. There is the same disposition to profess to doubt, or utterly to deny, the existence *of the fact of scarcity arising from political and physical causes*, in spite of evidence the most conclusive in the case of every description of produce, that exhibited so great an advance of price, in the period under consideration.

The writer of the letter, here quoted, is a striking instance of the degree in which the desire to maintain a tenet hastily adopted is apt to render a person, otherwise well informed, blind or averse to see the most palpable facts passing around him, which, if seen or known at all, must be conclusive against him. Else how could it be possible, that, whether as an extensive merchant, and much in society, and still more as a member of the very parliament which was then sitting, and engaged in collecting the most extensive information from all parts of the kingdom, on the state of the crops, and the stock of provisions, he could seriously entertain a doubt of the existence of great scarcity, arising from two consecutive remarkably deficient harvests, is wholly inconceivable. But what would be still more marvellous, if it had not also its parallel among otherwise well-informed persons at a later period is, that neither in Mr. Boyd's letter, nor in the publications in answer to him, is the slightest notice taken of the important fact, that, coincidently with the rising prices of provisions, and of other European produce, all Colonial and American produce (rice excepted), which during the three preceding years had been rising, while corn was falling, de-

clined rapidly in 1799 and 1800, while corn was rapidly rising; and all transatlantic produce was, at the date of that letter, in a state of great depression.

SECTION 4. — *Great Fall of the Prices of Transatlantic Produce from the Spring of 1799 to the Spring of 1801.*

In the examination of prices, in the interval ending in 1798, we have seen that colonial produce had begun to rise in 1796, in consequence of a demand from Germany, and that the demand which had become extremely speculative, continuing on an increasing scale, the prices had reached an unprecedented height at the close of 1798. In a few instances, the rise was continued through the first three months of 1799. As usual, in such cases, the consumption of the commodities, which had been the objects of speculation, was reduced by the advanced cost, and consequently proved to be much less than had been anticipated, while the supplies were much larger.

The prices thenceforward began to fall; and, as the circulation by bills of exchange and other forms of credit had expanded with and promoted the rise of prices, so it was contracted by, and in its turn accelerated the fall of prices until the final adjustment to the metallic standard. This process was attended with very disastrous results in the great commercial towns of Germany and Holland. The number of houses that failed at Hamburg, between August and November, 1799, was eighty-two, and the amount of their engagements upwards of twenty-nine million five hundred thousand banco marks, or about two million five hundred thousand pounds. The rate of discount at Hamburg rose during that interval to 15 per cent. per annum.

The fall of prices and the commercial failures in Germany entailed a corresponding fall of prices in this country, and discredit and failures to a considerable extent, not only among the houses immediately embarked in the trade with that part of the Continent, but also of some eminent houses in the West India trade. The following extracts, from printed commercial reports of that period, convey a description of the circumstances attending the fall of prices of colonial produce : —

“1st October, 1799. — The trade of this country with the principal part of Europe having of late been confined almost wholly to one channel, the unusual flow of business it produced to those places through which it was carried on, led many persons to extend their concerns in a degree to which their capital was inadequate, and encouraged a spirit of adventure and speculation, particularly in the chief articles of sugar and other West India produce, which at length has been carried too far ; the consequence of which has been the failure of some considerable houses at Hamburgh and other places, which has affected their connections in this country, so far as to cause the stoppage of several houses which had hitherto maintained no small degree of commercial reputation.”

“1st November, 1799. — The embarrassments of the merchants at Hamburgh have increased to an alarming degree ; and during the whole month of October every mail that has arrived has added several names to the unfortunate list of houses which have stopped payment in that city, where there are scarcely any persons in the mercantile line, whatever may be their wealth and connexions, who have not experienced considerable difficulties, while the effects thereof have extended to Bremen, Frankfort, Amsterdam, and many other of the principal trading towns on the Continent. The general and extensive connexion which has of late subsisted between the greater part of our merchants and those of Hamburgh, naturally excited apprehensions of the most serious consequences in this country, which have been in part too justly verified by the failure of several commercial houses, in addition to those alluded to in our last report. The loss of the *Lutine* frigate, which had on board 600,000 dollars, destined for Hamburgh, has been a very unfortunate circumstance, both in itself, and, with respect to the object in view, as it must occasion a great disappointment, and delay the intended relief considerably.”

• The losses connected with the Hamburg failures, and the great fall of prices of West India produce,

seem to have been felt with peculiar severity in Liverpool. Mention is made in the Annual Register of

“An act passed in the parliament which met in the autumn of 1799, granting a loan of 500,000*l.* in exchequer bills to the West India merchants in Liverpool, in order to avert the evils which hung over their heads from very heavy failures in Ham-
burgh. Security was given for this loan, in property in their warehouses amounting to upwards of two millions.”

The subjoined statement will show the extent of the depression of transatlantic produce, which took place between the spring of 1799 and the spring of 1801, being the interval during which all European produce had been rising, and had reached an unprecedented height :—

	1798-9.	1800-1.
Coffee, Jam. Sup., per cwt.	185 <i>s</i> to 196 <i>s</i> .	116 <i>s</i> . to 130 <i>s</i> .
Sugar, Muscov. Jam., do. -	62 <i>s</i> . - 87 <i>s</i> .	28 <i>s</i> . - 50 <i>s</i> .
—, East India, white, do.	96 <i>s</i> . - 115 <i>s</i> .	50 <i>s</i> . - 70 <i>s</i> .
Saltpetre, do. -	140 <i>s</i> . - 145 <i>s</i> .	60 <i>s</i> . - 61 <i>s</i> .
Cochineal per lb. -	52 <i>s</i> . - 54 <i>s</i> .	14 <i>s</i> . - 19 <i>s</i> .
Cotton, Bowed Georgia -	3 <i>s</i> . 6 <i>d</i> . - 4 <i>s</i> . 6 <i>d</i> .	1 <i>s</i> . 5 <i>d</i> . - 2 <i>s</i> . 8 <i>d</i> .
Indigo, East India, superior	11 <i>s</i> . - 13 <i>s</i> . 9 <i>d</i> .	8 <i>s</i> . - 9 <i>s</i> . 6 <i>d</i> .
Spices, Cinnamon -	8 <i>s</i> . - 10 <i>s</i> .	4 <i>s</i> . - 5 <i>s</i> .
—, Pepper -	- - 22 <i>d</i> .	13 <i>d</i> .
Tobacco, Virginia -	11½ <i>d</i> . - 16 <i>d</i> .	4 <i>d</i> . - 5 <i>d</i> .
Logwood, per ton -	48 <i>l</i> . - 50 <i>l</i> .	12 <i>l</i> . - 15 <i>l</i> .
Rum, per gallon -	7 <i>s</i> . 2 <i>d</i> . - 8 <i>s</i> .	3 <i>s</i> . - 5 <i>s</i> . 6 <i>d</i> .

The prices of most of our manufactured articles likewise experienced a considerable fall in the interval from 1799 to 1801. The following is from a Monthly Commercial Report, dated 1st April, 1801 :—

“The trade of Birmingham is in a very distressed situation. A large proportion of the workmen are entirely out of employ ; and those who still have work have the utmost difficulty to gain a subsistence, from the exorbitant price of all kinds of provisions. The ribbon trade of Coventry is in a most deplorable state ; and the woollen trade of Yorkshire, if possible, still worse.” *

* So much for the assertion so confidently made in Mr. Boyd's letter, that “a great rise had taken place in the price of every

But it is not this great fall only of prices of so many, and so important, articles of consumption, that affords a negative of the presumption of the agency of so general a cause, as that of the currency or war-demand, — in the rise which took place from the spring of 1799 to the spring of 1801, in the prices of provisions, and of other articles of European produce; for it will now be seen, that, upon the cessation or abatement of the operation of the seasons, and of obstructions to importation, the prices of provisions, and of other objects of exchange (labour alone excepted) which had so risen, fell, and continued to fall till they subsided to the level from which they had been raised.

SECTION 5. — *Fall of the Prices of Provisions from the Spring of 1801 to the Close of 1803.*

As the several steps of the rise in the prices of provisions to so extraordinary an elevation have been noticed, it may not be uninteresting to trace the circumstances leading to the fall.

After the great elevation of prices had been

species of exchangeable value, during the short period of two years." I am at the same time inclined to believe, that the writer expressed what was really the impression on his mind; for I find that even among men of business there is a very great vagueness of recollection within even moderately short periods, of the order of time, within which large classes of produce have fluctuated relatively, each to the other; and a preponderating impression, produced by the attention having been at the time drawn more to one than the other, is applied to the whole mass, although it may be, as it was in the case here alluded to, and again in more recent periods, that while the prices of one great class of commodities has been rising, another has been falling in nearly the same ratio. The simple fact of the opposite tendencies, more especially where in each case the tendency may be explained, by distinct circumstances producing it, destroys the conclusion derived exclusively from one only of those tendencies, as to the universality of the operation of a given cause."

reached in March, 1801, the aspect of things, both as to the influence of the seasons and the state of politics, experienced a marked change for the better.

The winter had been less rigorous than the two preceding. The seed time, both for wheat and spring corn, had been favourable, and an increased breadth of cultivation was in progress. The spring of 1801 was genial, and the crops were forward and promising. The death of the emperor Paul of Russia, and the peace with Denmark, which followed the battle of Copenhagen, had re-opened the navigation of the Baltic to British shipping, thus removing the obstruction which had been apprehended to supplies from thence; and the bounty, therefore, with the high prices, insured a large importation of corn.

Under these improved prospects of future supply, the markets gave way rapidly. The averages of corn in England and Wales, on the 30th of June, 1801, were, —

For Wheat	-	-	129s. 8d.
Barley	-	-	69s. 7d.
Oats	-	-	37s. 2d.

The harvest proving to be of moderate abundance had, with the large importation *, the effect of reducing the averages by the end of 1801 †, to

75s. 6d. for wheat;
44s. for barley; and
23s. 4d. for oats;

* The importations in 1801 were, of

Wheat	-	1,424,766 quarters.
Barley	-	113,966
Oats	-	583,043

† The preliminaries of peace with France, which were signed in October, 1801, do not appear to have had any material influence in accelerating the fall, the greater part of which had, indeed, taken place before that event, which, however, was calculated to extend the sources of supply, and to diminish the cost of importation.

being a fall of upwards of 50 per cent. since the month of March preceding. Beans and peas fell in the like proportion; but meat continued to be dear, because the stock of cattle and sheep, which had been reduced by the previous scarcities, had not time to be restored.

It may here be observed, as an instance of the imperfect information, and the fallacy as to any correct conclusion, to be derived from a mere reference to *annual* averages, that, although the year 1801 saw the termination of the great dearth, that it was in fact a comparatively abundant season, and that it was signalised by a fall of upwards of 50 per cent. in prices, it yet passes, according to the yearly averages of the price of wheat, for the dearest of the whole series; while 1799, which was the most disastrously sterile, might from such reference be inferred to have been but slightly deficient. Thus,

1799, yearly average	-	-	67s. 6d.
1800,	-	-	113s. 7d.
1801,	-	-	118s. 3d.

The seasons of 1802 and 1803 were considered to be of ordinary, and certainly not of superabundant, produce; but they had the effect of progressively depressing the prices of grain. The averages at the close of 1802 were, —

For Wheat	-	-	57s. 1d.
Barley	-	-	25s. 7d.
Oats	-	-	20s.

And notwithstanding the renewal of the war with France early in 1803, the fall of prices continued, with only trifling oscillations, to the close of that year, when the averages were, —

For Wheat	-	-	52s. 3d.
Barley	-	-	23s. 11d.
Oats	-	-	21s. 1d.

In the course of the three first months of 1804, the price of wheat experienced a further decline to 49s. 6d. But the foregoing quotations sufficiently establish the fact, that by the end of 1803 a complete subsidence had taken place in the prices of grain, to the level from which they had been disturbed ; and if the very low prices at which barley and oats ranged in 1803 be taken into the account, it is manifest that grain generally was then as cheap as, with the exception of a few months, it has been in the whole period following the peace, and since the resumption of cash payments.*

SECTION 6. — *On the State of the Circulation from 1799 to 1803.*

We have now to see how far the state of the circulation, during this interval, differed from what it might be supposed to have been, if the paper had been convertible under the usual system pursued by the Bank ; and how far there exist any grounds for thinking that the rise of prices was caused by an increase and the subsequent fall by a diminution of the quantity of money.

The currency, at the outset of 1799, may be considered as having been at its strict bullion level with the rest of the commercial world, or, if any thing, at a somewhat higher value, inasmuch as the exchange on Hamburg, from January to March of

* The prices of meat declined slowly. The extreme dryness of the summer of 1803 had made turnips and cattle food generally scarce and dear. The quotations at the close of that year were,

Beef, in Smithfield,	-	-	-	4s. to 5s. 4d.
Mutton,	-	-	-	4s. to 4s. 6d.

But it will be seen, that the prices continued to fall in the interval, which is to come next under consideration.

The prices of commodities, exclusive of provisions, were not marked in 1803 by any such variations as to require particular notice.

that year was 37*s.* 7*d.*, being higher than it had been for any length of time before the restriction. And it may be instanced, as a proof that the directors considered the position of the Bank to be such as, but for the restriction, which from political considerations the government were induced to continue, would admit of their paying in specie, that on the 3d of January, 1799, the following notice was given :—

“ That on and after the 14th instant, the Bank will pay in cash all fractional sums under five pounds; and that on and after the 1st of February next, the Bank will pay cash for all notes of one and two pounds value, that are dated prior to 1st July, 1798, or exchange them for new notes, at the option of the holder.”

The position of the Bank on the 28th of February, 1799, being two full years after the restriction, was as follows :—

Circulation of Bank notes of 5 <i>l.</i> and upwards, and			Securities.	
Bank post bills	-	11,494,150	Public	- 11,510,677
Under 5 <i>l.</i>	-	1,465,650	Private	- 5,528,353
			<hr/>	
				12,959,800
Deposits	-	8,131,820	Bullion	- 7,563,900
			<hr/>	
Liabilities	-	21,091,620	Assets	- 24,602,930
			<hr/>	

The stock of bullion was thus in the proportion of more than one third of the liabilities, and was, in fact, larger than the Bank had ever before (with the exception of two years, from August, 1789, to August, 1791) possessed.

After this period there arose a combination of circumstances, which entailed the necessity for the payment of *unusually* large sums abroad. The violent commercial revulsion, which took place at Hamburg in the autumn of 1799, required, on the part of the merchants here, an immediate transmission of funds to a very large amount. Good bills to a sufficient extent (many of the German houses here being in

a state of discredit) could not be procured, and would not, if obtained, have been negotiable at Hamburgh, at the moment of such a suspension of credit, the rate of discount there having risen to 15 per cent. per annum, at which only the best bills, and to a limited amount, could be made available. The only alternative was to send bullion, which was accordingly exported (chiefly silver) in large quantities.

The harvest in this country had, as has been seen, failed to such an extent, as to require an unusually large importation of corn, which, as it was scarce on the Continent of Europe and in America, could only be obtained at very high prices. The war on the Continent, by the second coalition against France, had been resumed on so large a scale, in the summer of 1799, as of itself to create a great absorption of gold and silver for the military chests; and it was, moreover, accompanied by subsidies to Russia and Austria. The celebrated expedition, too, under the Duke of York, to the Helder, in the autumn of 1799, contributed to swell the amount of foreign payments.

Under this combination of extraordinary circumstances requiring an immediate transmission of such enormous sums abroad, while the currencies of the principal commercial cities of the Continent of Europe *were greatly contracted* by the state of mercantile discredit, and by the demand for specie for the purposes of the war, the exchanges fell, without any previous enlargement of the Bank issues worth mentioning, and with an actual amount of circulation below what, with reference to the state of its treasure, the Bank would have been justified in issuing, previous to these occurrences.

The following are the quarterly average amounts of the Bank of England notes of five pounds and upwards, for 1799, with the exchanges, and the

prices of gold and wheat at the close of each quarter : —

		Ex. on Hamb.	Gold.	Wheat.
March 25.	11,585,210	37s. 5d.	3l. 17s. 9d.	52s. 6d.
June 25.	12,118,690	36s. —	3l. 17s. 9d.	64s. 4d.
Sept. 25.	12,155,360	32s. 9d.	No price.	80s. 8d.
Dec. 25.	12,335,920	32s. 6d. to 31s. 6d.	-	92s. 7d.

It will here be observed, that a great fall of the exchange (and a great rise in the price of wheat) took place by the end of September, although the increase of bank notes, as compared with the preceding quarter, is not worth notice, and that the circulation in the last quarter exceeded that of the two preceding quarters, by only the insignificant amount of 180,000*l.*, while the exchange was 10 per cent. lower, and the price of wheat nearly 50 per cent. higher in December than in June. But considering the state of commercial discredit, and the high rate of interest which prevailed at the close of 1799, the presumption is, that the circulating medium was virtually contracted, and that the value of money was increased.

It is true, that supposing the regulation of the issues to have been under a very vigilant and correct system of management, with a view to preserve the value of the paper on a level with its standard, the Directors would, in consequence of the great fall in the exchanges, and the consequent drain of their treasure, have reduced their circulation at the close of 1799, and at any rate they would not have extended it as they did then, and further under a still increasing pressure of foreign payments in 1800. But in the first place, the exchanges would not have fallen so much if the Bank had then been paying in specie, inasmuch as the gold drawn from it for exportation, would in so far have diminished the demand for bills. And, in the next place, judging by the conduct of the Bank in 1782, and again in 1795, when in the face of a similar fall of the exchange, the issues were extended instead of being con-

tracted, the probability is, that the amount of the circulation would equally have been extended in 1800. As in point of fact they were extended by about a million of notes of 5*l.* and upwards, as compared with 1799, or by a million and a half, as compared with the three years ending in 1795, the average amount, in 1800, having been 13,421,920.*

* It was upon the extension of the issues of the Bank, in 1800, that the first important controversy respecting their influence on prices arose. The letter of Mr. Boyd on the subject has already been noticed, as far as relates to the rise of prices. In a postscript dated 31st December, 1800, he adds :—

“By the return to an order of the House of Commons, it appears that the amount of Bank notes in circulation was 15,450,970*l.*, which exceeds the sum in circulation on the 26th February, 1797, (*viz.*, 8,640,250, by nearly four fifths of that circulation). Compared with the average circulation of three years, ending December, 1795; *viz.*, 11,975,573, the circulation on the 6th of December, 1800, exceeds that average circulation by nearly three tenths of its amount.” “The exchange with Hamburgh, which, when this letter was written, was 31*s.* 10*d.*, is now 29*s.* 10*d.*, by which means the difference which then existed of nearly 9 per cent. against our currency is now increased to upwards of 14 per cent. If, therefore, a person residing on the Continent remit funds to this country to be invested in the 3 per cents. at the price of 62. it is evident that by purchasing the money so remitted at 14 per cent. discount the real price of his 3 per cents. will be 53 $\frac{8}{25}$, or nearly 53 $\frac{1}{3}$. The price of gold has fortunately not advanced in the same proportion within the same period. The price which, on the 11th Nov. was 4*l.* 5*s.* per ounce, is now 4*l.* 6*s.*, which is little more than 1 $\frac{1}{8}$ per cent., thus making the whole premium upon gold 10*l.* 8*s.* 8*d.* for every 100*l.* or something more than 10 $\frac{8}{12}$ per cent.”

This letter of Mr. Boyd's elicited, among other answers, one from Sir Francis Baring, in which, after observing upon the inconsistency of Mr. Boyd, who had been at the head of those persons that had remonstrated on the insufficiency of the circulation in 1796, in now attributing such vast effects to the increased amount of the Bank issues, has the following apt remark :

“Perhaps Mr. Boyd is not aware in what manner his own quotations and his own arguments. may return against him, by the delay of a few days. In the postscript, dated the 31st December, 1800, he observes, that since his letter was written, the exchange on Hamburgh had fallen from 31*s.* 10*d.* to 29*s.* 10*d.*, which he considers as an additional proof of what he has advanced. In that case, he must admit that when the exchange rises, it must produce a comparatively favourable

But admitting that there had been the increase of issues, by the Bank of England, to the utmost

effect. On the 2d of January, 1801, the course of Hamburgh is printed 29*s.* 8*d.*, and on the 30th of January it is printed 31*s.* 8*d.* — a difference of very near 7 per cent.; and yet we do not perceive the slightest effect it has produced in lowering the price of provisions or other commodities grown and consumed in Great Britain, and affords a most unequivocal correct answer to the whole of his argument with regard to the foreign exchanges."

Mr. Henry Thornton, in his work on Paper Credit, makes the following remarks, suggested by Mr. Boyd's publication :—

After observing that the two millions of notes under 5*l.* issued by the Bank of England should be considered as mere substitutes for the guineas which they displaced, and should therefore be deducted from the total amount of the Bank issues, in any reasoning upon the effect produced by these on the circulating medium, he proceeds to say, " I have to consider how far, allowing for that difference of two millions of which mention has been made, the circulating quantity of Bank of England paper has lately corresponded with that of antecedent periods. The average amount of Bank of England notes in circulation during three years ending in 1795, appears to have been 11,975,573. The amount in circulation on the 20th of February, 1797, the day antecedent to the suspension of the cash payments of the Bank, has been already stated to have been about 8,600,000, this being that very low sum to which they were then reduced. By a statement of their amount on the 6th of December, 1800, laid before the House of Commons, they appear to have been then 15,450,970. This last mentioned sum includes * the two millions of one and two-pound notes. If these two millions are deducted, the amount, on the 6th of December, 1800, will exceed the average amount in three years antecedent to the suspension of the cash payments of the Bank, by 1,475,397*l.* It remains, however, to be observed, that the notes of the Bank of England were stated to the House of Commons by the governor of that company in the spring of 1801, to have been then reduced to a sum less by about a million and a half than their amount on the 6th of December, 1800. The total quantity, therefore, of the Bank of England notes in circulation in one part of the spring of 1801, if the two millions be deducted, almost exactly agrees with their average amount during the three years ending December, 1795."

* By a return to Parliament from the Bank, dated 6th February 1801, the amount of notes under 5*l.* in circulation

From 25 November to 25 December 1800, was 2,148,700

And from 25 December to 25 January 1801 - 2,519,400

extent of Mr. Boyd's exaggerated view of it, and allowing also for an increase of the country circulation, it can hardly be considered as compensating for the chasm which must have been caused in the metallic circulation by the clandestine export of guineas, which the low exchange must have forced abroad.

The amount of gold in circulation, before the restriction, was by a moderate computation, twenty-two millions five hundred thousand pounds (by some it was estimated at forty millions). Supposing, therefore, eight millions to have remained in circulation in 1800 (an outside supposition), there would be fourteen millions and a half, at least, to be replaced by Bank of England and country bank notes. Now the increase of the Bank of England issues, including the small notes in 1800, as compared with the three years ending in 1795, was somewhat under three millions five hundred thousand pounds, and it would be a most extravagant estimate, which would assume an increase in that interval of country bank notes to the extent of eleven millions, which would be requisite to make up the difference. Indeed, the increase to that extent, if it took place at all, must have been effected in a wonderfully short space of time, because, as has been seen, there had been a great reduction of the country circulation in 1796, and from that time till after the commencement of 1799 there was not much facility or inducement for its increase. The subsequent rise of prices, no doubt, favoured the extension of the country bank issues *, but it is utterly improbable, or rather absolutely absurd, to suppose that it can have been to any-

* With reference to the country bank circulation at this period, the following further extract from Sir Francis Baring's answer to Mr. Boyd may not be without interest. "An alarm has been raised against country banks, which have been accused of enabling the farmers to hoard their corn by making them ad-

thing like the above amount. The fair conclusion, therefore is, that the quantity of money, during the range of high prices in 1799 and 1800, although greater than could be maintained, under the pressure of demand for foreign payments, was not only not increased, but was probably less than it had been in the three years ending in 1795, without taking into account the great increase of transactions, and consequently of the functions of money that must have taken place since that time. But, whether less or greater, it was the duty of the Directors of the Bank to preserve the value of their paper on a level with gold, and this they could not have done without contracting their issues, or, at least, without limiting the amount in 1800 to what it had been in 1799. It is very possible, that the simple limitation to that amount might have effected a restoration of the exchanges and the price of gold, because, notwithstanding the enlargement of between a million and a million and a half of notes of 5*l.* and upwards in 1800, the exchanges were not materially lower than they had been at the close of 1799; whence it should seem that an increase of our commercial exports

vances of money: but the inhabitants of this metropolis are not aware of the total change in the situation of the country banks, in consequence of the war. Those who are established in seaports and great manufacturing towns may still be considered as having commercial deposits with which they must, in preference, accommodate their commercial friends; but the general mass of banks through the country look to the farmers for deposits and support, as the only persons who have money to employ. It is very rare that a farmer wants to borrow; but the instances are not rare when he is able to accommodate even his landlord with a loan."

In truth, such were the enormous gains of the farmers at this time, that, while their credit must have been so high as would have enabled them to borrow to any amount they might desire, it is not conceivable that they could have had sufficient motive for borrowing on an extensive scale. It is much more probable, and Sir F. Baring mentions it as a fact, that they were rather lenders than borrowers.

was in progress to accommodate itself to the increased and increasing foreign payments, which were going forward under the two important heads of government expenditure abroad, and of imports * of grain.

The question here occurs, what would have been the effects on commercial credit and prices, and on the rate of interest, if the issues of the Bank had been so limited at the close of 1799, and through 1800, as to have preserved the value of the paper on a level with gold?

All hypothetical reasoning, as to what *might have been*, instead of what *was*, admits of wide difference of conclusion, and is at best unsatisfactory. According to the best of my conception of the state of things, under the supposed forcible contraction by the Bank of its issues, it would have been this. There would have been a greatly increased pressure on the money market, severe as it already was. The public funds would have been lower, and the financial operations of government would have been on terms more disadvantageous to the public. The commercial discredit and failures which occurred at the close of 1799, and the commencement of 1800, in consequence of the revulsion of credit at Hamburgh and other continental towns, would probably have been aggravated, and the fall of prices of colonial produce, and of all other commodities that were in full supply, or were held on credit, or depended for purchase on the usual credit, would, great as it was, have been more rapid. But the prices of corn, and of other provisions, and of articles generally, the supply of which was below the ordinary rate of consumption, would in all probability have been full as high. The prices of provisions were determined by the

* The computed value of grain imported, in 1800, was 8,755,995*l.*, in 1801, 10,149,098*l.*

highest sum which the wages of the lowest classes, aided by contributions from parishes and individuals, would afford for food, and the rate of wages would not be affected, or in the most trifling degree only, by the casual expansion or contraction of the Bank issues, and certainly not within so short a period as a twelvemonth. There appears, moreover, in the rise of prices of provisions following the harvest of 1799 to have been little of either buying or holding on credit, for there is, as we have seen, according to the best evidence of which the subject is susceptible, the strongest proof or reason for supposing that the stock of corn was exhausted, and that the dearth, great as it was, would have been more severely felt, had it not been for the earliness of the harvest of 1800.

The renewed rise of the prices of provisions after the harvest of 1800, took place without any increase of the amount of Bank notes of 5*l.* and upwards, which for the last six months of that year was rather less than in the first six months. And the average amount for the whole of the year 1801 was 13,454,370, being, as nearly as might be, the same as in 1800. Now this amount upon the grounds already stated, with the addition of about 2,700,000*l.* of notes under 5*l.*, and with the utmost probable extension of the country paper, and with the progressively diminishing number of guineas, did not probably make up an aggregate nearly equal to that which constituted the currency in the three years ending in 1795. There is accordingly the strongest possible reason to believe, that the quantity of money was not increased, and could not, therefore, be the *cause* of the rise in the price of provisions between the summer of 1799 and that of 1801, independently of the incongruity which attaches to the supposition of its having caused the rise of one class of commodities, at the same time that another

great class of commodities was falling in nearly an equal proportion to the rise of the former, while it has been in evidence, that there was a great scarcity of the commodities which did rise. The argument, therefore, is sufficiently made out, that it was a case of *dearth* and not of depreciation.

If any doubt, however, should still remain on that score, a fact decisive against the supposition, that an increase of the quantity of money, or of the circulating medium, as indicated by the Bank issues, had been the cause of the rise is, that coincidently with an increase of the circulation of the Bank of England notes, prices subsided upon the cessation of the scarcity to the level from which they had advanced. For if it was the amount of Bank notes that raised prices in 1800 and 1801, how happened it that an increased amount in 1802 did not sustain the prices, and much more prevent a fall of above 50 per cent.? And if the exchanges had been depressed, and the price of bullion raised by the amount of the circulation, how happened it that they tended upon the abatement of foreign payments to their par level coincidently with an increased issue, as will appear by the following statement. The average circulation of —

	Ex. Dec. 31.	Foreign Gold.	Silver Dllrs.	Wheat.
	£	<i>s. d.</i>	<i>l. s. d.</i>	<i>s. d.</i>
1800 was	13,421,920	30 0	4 6 0	5 9
1801 —	13,454,370	31 11	4 3 6	5 10½
1802 —	13,917,980	34 0	4 0 0	5 4½
				133 0
				75 6
				57 1

In as far, therefore, as a negative admits of being established, it is clearly so in favour of the conclusion, that the Bank restriction had *not* the effect of depreciating the currency beyond the degree indicated by the difference between paper and gold, in the period now under consideration, and the presumption is the strongest possible that the

prices of provisions, and of other produce, which attained their greatest elevation in the spring of 1801, would have reached the same height under a convertible state of the currency; and that, therefore, as regards these, it is doubtful whether *any* allowance for the difference between paper and gold ought to be made.

But although in a convertible state of the currency, the articles which were of *first necessity*, and which existed in an extraordinary degree of scarcity, would, in all probability, have been as high as they were, all articles not so circumstanced would have been lower in consequence of the forcible contraction of the circulation, which would have been necessary to counteract the pressure on the exchanges, of the unusually large foreign expenditure. And it is probable, that after the spring of 1801, when scarcity, and the apprehension of it, had ceased, the fall of the prices of necessaries would have been more rapid than it was. At the same time there is no reason to believe that the subsidence would have been to a lower level than that to which prices did eventually fall under the actual system. If prices had fallen more rapidly, the importations of 1801 and 1802 would have been less and the exportations greater, and the prices of 1803 would have been probably higher, instead of continuing to fall as they did. Among the grounds of presumption in favour of this view is the fact, that the prices of corn and of meat were in 1802 higher in France, and some of the other countries of the Continent of Europe, than in this country.*

* In truth the rise and high range of prices, with short intervals only of subsidence, which have been noticed in the review of this and of the preceding epochs, have their parallel in the state of prices on the Continent of Europe during the corresponding period. Thus Mr. Jacob, in his report of March, 1826, states the manner in which the competition of France for

The circulation of the Bank in 1803 was —

Of 5*l.* notes and upwards, including

bank post bills	-	-	12,983,477 <i>l.</i>
And of notes under 5 <i>l.</i>	-	-	3,864,045 <i>l.</i>

Together,	16,847,522 <i>l.</i>
-----------	----------------------

being nearly one million of the former, but only two hundred thousand of the total less than in 1802.

The comparative diminution, however, was in the first six months of 1803. In the last six months of that year there was an increase, as compared with the last six months of 1802, and the prices of corn were lower at the close of 1803 than they had been at the close of 1802: —

		Dec. 1802.		Dec. 1803.
Wheat	-	57 <i>s.</i> 1 <i>d.</i>	-	52 <i>s.</i> 3 <i>d.</i>
Barley	-	25 <i>s.</i> 7 <i>d.</i>	-	23 <i>s.</i> 11 <i>d.</i>
Oats	-	20 <i>s.</i> 0 <i>d.</i>	-	21 <i>s.</i> 1 <i>d.</i>

The great fall of prices between 1801 and 1803 was followed, as might be supposed, by extensive

foreign corn tended to raise the price in the markets of the rest of Europe.

“During the ten years from 1791 to 1801, there was a constant demand in France for foreign corn; several deficient harvests had been experienced at the beginning of the Revolution. The agents of France were employed both in Europe and America in purchasing corn, and hiring neutral vessels to convey it to France, paying little regard to the price they paid for it, or the rate of freight at which it could be transported. Holland, which scarcely has ever grown corn sufficient for its own consumption, felt a great want, owing to its internal sources of supply from Germany and Flanders being diverted from the usual channels by the circumstances of the war.” (P. 51.)

At the same time, it is to be observed, that France either was not visited by such great dearths in 1799 and 1800 as prevailed in this country and in the north of Europe, or that the government, by operating on the averages, endeavoured to conceal the fact.

failures. A comparison of the number of bankruptcies stands thus :—

1798	-	911	1801	-	1199
1799	-	717	1802	-	1090
1800	-	951	1803	-	1214
<hr/>			<hr/>		
2579			3503		
<hr/>			<hr/>		

being an increase of more than one-third.

It is probable that the excess of failures in the latter period would have been still greater, if, in consequence of the peculiar nature of the bounty on importation of corn, which ensured a minimum price till the 1st of October, 1801, the importers had not been preserved from the full effect of the decline of the markets between the spring and autumn of that year. There does not, at the same time, appear to have been so great an extension and abuse of credit during the rise of prices, between 1799 and 1801, as on some former and subsequent occasions, nor, consequently, so great a derangement of the circulation in consequence of the fall; nor in point of fact were there any failures of consequence among the country bankers.

SECTION 7. — *Summary of the preceding Survey.*

On a review, then, of the whole period from the commencement of 1799 to the close of 1803, it appears—

1. That the prices of provisions, which, at the beginning of 1799 were as low as they had been on an average of some years anterior to 1793, advanced, in common with other articles of European produce, to an unprecedented height, as a

necessary consequence of the two very deficient harvests of 1799 and 1800, combined with actual and apprehended obstructions to importation.

2. That upon the recurrence of moderately productive harvests in 1801, 1802, and 1803, combined with a removal of some of the impediments to a foreign supply, the prices of corn and other European produce at the close of 1803, subsided to the level from which they had been raised by the before-mentioned scarcities from seasons and political obstructions.

3. That coincidently with the great rise in the prices of provisions and of European produce in 1799 and 1800, a very great fall took place in all trans-Atlantic produce; thus negating the inference of the operation of a common cause, such as that of mere increase of money.

4. That the rise in the prices of provisions, and of European produce generally, in 1799 and 1800, was attended with an increase of the Bank circulation, and with a rise in the price of gold, and a fall of the exchanges.

5. That the fall in the prices of grain, and of all European produce, subsequent to the spring of 1801, and a fall in the price of gold and a rise of the exchanges, were attended with a further increase of the circulation of bank notes; thus affording a negative of any inference that the increase of bank notes had been the cause of the previous alteration of prices and exchanges, because if it had been so, the further increase of bank notes should have prevented the subsidence of prices, and the restoration of the exchanges.

6. That the prices of provisions, and of many other leading articles of consumption, were lower in 1803, a period of war on a most extensive scale, and of very large loans raised by government towards defraying the expenses of it, than they had been in 1802, a year of peace.

And, finally, that with the exception of the prices of naval and military stores, not a trace can be found in the state of prices, in the interval that has passed under review, of *war-demand*, and as little of *depreciation* of the value of the currency, understanding by that term a rise of prices *caused* by an increase of money, and not by a relative scarcity of commodities.

CHAP. IV.

STATE OF PRICES AND OF THE CIRCULATION FROM
THE COMMENCEMENT OF 1804 TO THE CLOSE
OF 1808.

THE state of stagnation and declining markets which has been noticed as prevailing from the time of the renewal in the spring of 1803, of the war with France, in agriculture and trade, but more especially in the former, continued through the early part of 1804.

The prices of corn by the gazette averages for England and Wales, were, —

March, 1804, Wheat	-	-	49s. 6d.
Barley	-	-	22s. 9d.
Oats	-	-	19s. 9d.

No instance in the whole period under discussion from 1793 to the present time, nor indeed any in the whole course of last century exhibits so great a fall of the price of wheat within the same space of time, as that which occurred between March 1801 and March 1804, namely from an average of 155s. to 49s. 6d.*

* Thus, after twelve years of war, and eight years of suspension of cash payments, we find that the prices of corn subsided a second time to the level from which they had been, in two memorable instances, so violently disturbed by the causes which have been described. And as this renewed subsidence forms a most important feature in the discussion, it may here be desirable to exemplify it by the following comparative statement :—

	Wheat.		Barley.		Oats.	
	s.	d.	s.	d.	s.	d.
1792, December	-	47	2	29	10	18
1798, November	-	47	10	29	0	19
1804, March	-	49	6	22	9	19

The higher price of wheat in 1804 is compensated by the lower price of barley, and with this allowance the subsidence is complete.

This fall and low range of prices is the more observable, because the cost of production had been considerably increased. The wages of labour had as has been seen, risen considerably in consequence of a recurrence of periods of great dearth; and all the implements of husbandry had experienced a very great advance in price. The rate of interest too was much higher in consequence of the absorption by the government expenditure of a large part of the savings of individuals. Moreover some, although, perhaps, an inconsiderable proportion, of the progressive taxation attached to agricultural production; and while the cost in labour, in capital, and taxation, applicable to native production was thus raised, the cost of a foreign supply of which we were then supposed to stand habitually in need, was also raised by the increased charges of freight and insurance incidental to the state of war.*

These considerations render the real fall of the price still greater than the apparent one, and this, notwithstanding the continuance of the war on an enlarged scale of expenditure, and notwithstanding an amount of inconvertible Bank of England notes greater in the first six months of 1804 than it had been in the first six months of 1801, when the price was 200 per cent. higher.

It might naturally be expected that a fall so tremendous of the markets for grain and for agricultural produce in general, by the transition from scarcity to abundance, would be severely felt by the agricultural interests, always excepting the labourer. Accordingly there were meetings held in

* The extra charge of freight and insurance cannot be taken at less than from 5s. to 10s. per quarter on wheat from abroad, in the interval from the breaking out of the war till 1806, when, in consequence of the introduction of the continental system, the risks, and consequent charges attending commercial intercourse with the Continent, were greatly increased.

Essex and other counties for the purpose of petitioning parliament for additional protection as a remedy for the prevailing agricultural distress. The committee of the House of Commons, to whom the petitions were referred, not having any theory of "preparations for cash payments," or of "transition from war to peace," by which to account for the recent fall of prices, or for their former elevation, give the following very rational explanation of the causes of the rise and fall between 1791 and 1804:—

"It appears to your Committee, that the price of corn, from 1791 to the harvest of 1803, has been very irregular; but, upon an average, increased in a great degree by the years of scarcity, has, in general, yielded a fair profit to the grower. The casual high prices, however, have had the effect of stimulating industry, and bringing into cultivation large tracts of waste land*, which, combined with the two last productive seasons, and other causes, have occasioned such a depression in the value of grain, as, it is feared, will greatly tend to the discouragement of agriculture, unless maintained by the support of parliament.

A bill was in consequence brought in by Mr Western, and an act passed by which a duty was imposed of 24*s.* 3*d.* per quarter, when the price should be under 63*s.*; and 2*s.* 6*d.* per quarter, when at or above that rate and under 66*s.*; and 6*d.*, when above 66*s.* It would be foreign to the purpose of this work to enter into a consideration of the justice or policy of this measure, which proved to be

The number of inclosure bills had been:—

1795	-	-	-	39
1796	-	-	-	75
1797	-	-	-	86
1798	-	-	-	52
1799	-	-	-	65
1800	-	-	-	63
1801	-	-	-	80
1802	-	-	-	122
1803	-	-	-	96
1804	-	-	-	104

inoperative. It is only here mentioned for the purpose of showing that, neither the state of the currency under the Bank restriction, nor the continued and increasing consumption arising out of the war, were at that time relied upon for the recovery, or even for the maintenance, of prices by those persons who, having since lost sight both of the facts and of their own contemporaneous explanation of them, now adopt a purely fanciful theory on the subject. If the Bank restriction, or war-demand, had been the cause of the rise, how happened it that they did not prevent the fall, or, to repeat the words of Mr. Pitt, applied to a similar state of things three years before, "How happens it that the effect which, on the hypothesis, should have been increasing, was suspended during an interval of nearly three years?"

There were then no preparations for cash payments, and the loans to defray the expenses of the war were on a larger scale than ever. So hopeless, indeed, would be the task of endeavouring to reconcile the state of prices at the close of 1803, and in the first half year of 1804, with either of the two theories of modern times, that I have met with no instance of any reference to, or attempt at an explanation of, this period of cheapness consistently with those theories.

It could not, however, have been so slurred over had it not been for the shortness of its duration. An early recurrence of scarcities occasioned a fresh disturbance of prices, and buried the instance of cheapness here referred to in a heap of high averages.

SECTION 1. — *Deficiency of the Harvest of 1804.*

If the harvest of 1804 had proved only moderately productive, and still more if it had been

abundant, a continuance of low averages would very materially have modified the character of all the reasonings on the effects of the Bank restriction on the price of corn. But the crops, more especially that of wheat, contrary to the expectations entertained in the earlier part of the season, turned out to be *very deficient*.

The occurrence of this year of deficiency, between two periods of only three seasons each, of moderate produce, immediately preceding and succeeding, is an essential consideration in accounting for the high average price of corn during the war and the restriction; for it hence appears that *there were not four seasons in succession without the occurrence of one harvest or more of decided and acknowledged deficiency*. So that no sooner had the influence of the preceding deficiency ceased to operate, and the price consequently subsided to the level from which it had been greatly raised by the accidents of the season, combined with political obstructions to importation, than a fresh disturbing cause came immediately into operation. In proportion to the importance in this point of view of the result of the harvest of 1804, is the anxiety on the part of those who refer all the phenomena of high prices to the Bank restriction, to represent the produce as having been sufficient, if not abundant. In several publications, having that object in view, the produce of that harvest is represented as having been abundant.

Sir James Graham, in a tract entitled "Corn and Currency," which when it appeared (1826) attracted considerable notice, after giving a table containing the amount of Bank of England notes, in juxtaposition with the average prices of wheat for each year, adds,

"From the comparison of the issues of the Bank with the correspondent average of the price of wheat throughout this

long series, it will appear that an increase of issues has, with *wonderful precision, created a rise of price*, not always in the same year, but more generally in the one immediately succeeding; and a decrease of the issue has produced in a like manner a correlative decline. The effect of increase * is illustrated by the years 1803, 1804, and 1805, in which the harvests were good and the produce abundant; vide *Joplin on Currency*, Appendix, No. 14., and in which the rise of price cannot therefore be attributed to a deficiency of supply."

Curiously enough, the authority quoted in the above extract gives a directly opposite and a true statement of the fact, the following being the description in Joplin, on the currency, Appendix, No. 14. (extracted from the Farmer's Magazine), "1804. In

* Even if the harvest of 1804 had been as abundant as it was indisputably deficient, according to the very authority quoted for the strange assertion of the reverse, the state of the Bank circulation would most assuredly not account for the rise of price. The following is a comparison of the annual average circulation of bank notes with the average prices of wheat at the end of each year, 1803, 1804, and 1805 :—

	Bank Notes of 5 <i>l.</i> and upwards.†	Prices of Wheat in December.
1803,	£12,983,477	51 <i>s.</i>
1804,	12,621,348	86 <i>s.</i>
1805,	12,697,352	76 <i>s.</i>

And the discrepancy between the state of the circulation and the price of wheat will be still more striking, if we compare them in the first and last half years of 1804 respectively, there having been an actual diminution in the last six months of that year coincidently with a great advance in the price of wheat. But what, if there were no other ground, is decisive against the hypothesis of an excess of bank notes having *produced* this rise of prices is, that coincidently with such rise, the bullion in the coffers of the Bank was experiencing a progressive increase; for instance,

	Bullion.
February, 1804 -	£3,372,140
August ——— -	5,879,190
February, 1805 -	5,883,800
August ——— -	7,624,50

† In this and all the other references to the position of the Bank the amount of the circulation of notes of 5*l.* and upwards includes Bank post bills.

Scotland, wheat an average crop, but of inferior quality; in England, *a very short crop*, and the quality very inferior." It happens, whimsically too, that Mr. Joplin (in order to prove his theory, that the variations in the price of corn are owing more to variations of demand than of supply), in the text of the pamphlet, from the appendix to which the above quotation is made, has the following passage: — "In the years 1804 and 1805, wheat rose from 50s. to 100s. without any scarcity at all." The assertion of abundance is repeated in a publication entitled, "A Letter to Lord Archibald Hamilton, 1823, page 15," in which the writer, in contradiction of a statement of mine, expressly says, "1804 was not a year in which the harvest was deficient, it was rather a year of plenty."

It has been requisite to notice these unfounded assertions, although made so long ago, because the state of the corn trade, at this most important period, has not, as far as I am aware, been since distinctly adverted to, or attempted to be explained consistently with either of the two theories. And such assertions, so confidently made as those here referred to, have served to confirm the impression, so universally prevalent, that there was nothing in the seasons, excepting the notorious scarcities of 1795-6 and 1800-1, to justify the high prices during the remainder of the war and the restriction.

The fact of the deficiency of the harvest of 1804 is attested by evidence which leaves no room for doubt.

The forty-third volume of the *Annals of Agriculture*, edited by Arthur Young, is nearly filled with answers from persons in different parts of the country, to whom circulars had been addressed by order of the Board of Agriculture, containing inquiries as to the nature and causes of the failure of the wheat crop of 1804, and as to the extent of the

deficiency. The cause of failure seems to have been an extensive prevalence of blight and mildew; and nearly all the answers concur in stating a deficiency of from one fourth to one third in England and Wales; while in Scotland, to which the cause of injury had extended only partially, there was an average produce. The Farmer's Magazine, vols. v. and vi., contains statements in great detail relative to that harvest, and the effect of it on prices. The following is an extract from that work of a corn-factor's circular: —

“ London, Oct. 30. 1804.

“ From the general bad quality of the new wheat presented at Mark Lane, I am sorry to say that the injury from blight appears to have been more extensive than was supposed when I wrote you last. The best samples are inferior to last year's; and the great bulk of what has been yet produced will not yield more than two thirds of the fine flour which the average of last year produced. In consequence of this, the price of wheat has very considerably advanced, notwithstanding the considerable supply of foreign wheat which has been quickly brought to market.”

The average prices accordingly which had been,

	Wheat.	Barley.	Oats.
March 1804,	49s. 6d.	22s. 8d.	19s. 9d.
were, Dec. 1804,	*86s. 2d.	43s. 10d.	26s. 11d.

This sudden and great rise of prices having im-

* The quality of the wheat being very inferior, the *average* price gives an inadequate idea of the extent of the rise, which will be best shown by the quotations of wheat in Mark Lane.

April 23. 1804.	30s. 4s. 52s.	per quarter.
Essex and Kent,	56s. 57s.	
Foreign Red,	35s. 48s.	
White Dantzic,	50s. 54s. 58s.	
Oct. 29. 1804. New	48s. 63s. 72s. 78s. 84s.	
Old	52s. 76s. 88s.	
Fine White,	90s. to 92s.	
Foreign Red,	52s. 78s. 82s.	
White Dantzic	75s. 85s.	
Fine	90s.	
Jan. 28. 1805. New	65s. to 100s.	
Old	79s. 105s. 116s.	
Foreign Red,	80s. 95s. 105s.	
White Dantzic,	100s. 120s. 126s.	

mediately followed the passing of the Corn Bill in 1804, considerable dissatisfaction prevailed, and petitions were presented to parliament, in the spring of 1805, against the bill, alleging, among other things, that it had been the cause of the rise of the price of corn. In the opinion of some of the witnesses examined, the first tendency to an advance of prices, in the summer of 1804, was in consequence of the new corn bill; but they all agree that the subsequent rise was in consequence of the great failure of the wheat crop.*

* The following are extracts from some of the evidence, May, 1805:—

Mr. John Dixon, cornfactor (who had stated his opinion that the first rise had been caused by the corn bill), was asked, “Do you know of no other causes of the rise?”—Answer, “I know of no other causes, except in allusion to the general blight, which was not known till a few weeks before harvest.” And when further asked, “Would not the price have risen, although the act had not passed?”—answered, “I do not ascribe the high prices which we have witnessed since harvest to the effect of the bill, but to the *general failure of the last year’s crop*.”

Mr. Joseph Stonard, cornfactor, said, “I do apprehend that the advances from the 2d July to the 6th August were in consequence of the bill then before the house; that the subsequent advances arose from the unfavourable weather, and the apprehensions of a defective harvest.” “Did you hear of any blight in June to the wheat?—No.—Did you hear in the first week of July of the wheat harvest being likely to be defective?—I recollect on the second Tuesday in July, from the excessive cold rain, and from what I heard afterwards of its being pretty general through England, I believed that to be the cause of the great defect in the crop of wheat.” †

Mr. Peter Giles, cornfactor, said, “I think wheat and oats advanced in July from 8s. to 10s. per quarter; but not wholly occasioned by the agitation of the bill.” “What other causes?—The appearance of the crops on the ground not being very favourable. When did you apprehend that the last crop might

† The following is an extract from a Meteorological Journal for July, 1804:—“A considerable quantity of rain fell on the 7th; on the 8th some heavy showers, with thunder and lightning. The mercury in the barometer rose rapidly till the next morning, when it fell, preparatory to that heavy rain, which, on account of its long continuance, was remarked by every body.”

The acknowledged failure of the crop was quite a sufficient cause of the rise of price, without the aid of the corn bill, which, in point of fact, became wholly inoperative.* But, if the corn bill had been operative, so much of the rise as might be clearly attributable to that cause would obviously be distinct from the supposed agency of war-demand, or of the currency.

be defective? — The report of the blight and mildew commenced the first week in August. When did that apprehension affect the price of grain? — It began the first week in August, and continued to advance till the last week. Do you attribute the second rise entirely to the apprehension of a defective crop? Entirely."

Mr. Samuel Scott (now Sir Samuel Scott, Bart.), a member of the house, being examined, chiefly upon some of the details of the bill, was asked, "Do you consider any material rise in price to have taken place in the market previous to the knowledge of the blight?" — Answered, "No material advance had taken place previous to the first rumour of an injury to the crop."

* On the continent of Europe the prices of corn rose considerably between 1802 and 1805. It appears that the seasons of 1802 and 1803, which were of fair average produce in this country, had been unfavourable in the south of Europe. So great was the scarcity in Spain during those two years, that the price of wheat rose in the spring of 1804 to nearly six times what it had been in 1800.

"The medium price of the load of four funegas of wheat at the market of Medina di Rio Seco in Leon, which was in May, 1800, at 115 reals vellon, rose as follows:—

May, 1801,	172	reals vellon.
1802,	263	—
1803,	247½	—
1804,	620	—

(*Appendix to Bullion Report*, 1810, page 185.)

The Monthly Magazine, in its commercial report for July, 1805, has the following passage:—

"In the late general rise of the price of grain in Germany, the bushel of wheat, that had been usually sold in Saxony for a dollar and a half, rose to ten dollars. In Lausitz, the price rose as high as fifteen dollars a bushel. In Brunswick, rye had advanced to between two and three dollars a bushel. Owing to the scarcity and dearth of provisions, the last great fair at Vienna was ill attended. Goods either went at very low prices, or remained unsold."

There has been the more reason for dwelling upon the fact of the great rise of the price of corn following the harvest of 1804, and upon the causes of that rise, not only because it negatives the theories of the currency and war-demand, as applicable to this period, but because this renewed dearth, so quickly following that from which there had been just before a transition to plenty, is important in other points of view. It was calculated to maintain an elevation of the average price thrown over a series of years, and it was the specific occasion of renewed demands by the working classes for advanced wages ; claims which were rendered the more effectual by the resource which the increasing employment in the army and navy held out to the workmen who engaged in the numerous strikes of that time. It was on this occasion that the price of artisan labour especially experienced a considerable advance.

It will be seen that the following harvests, combined with the state of politics, were not of a character calculated to restore abundance, nor consequently to allow of a subsidence of the prices of corn to the level from which they had been disturbed by the failure of the crops of 1804.*

SECTION 2. — *Seasons of 1805 to 1808, both included.*

The winter of 1804–5 was mild ; but the spring was ungenial ; the summer cold and unsettled ; the harvest backward ; and the appearance of

* The harvest to which, as far as I can judge, it bears the nearest resemblance, is that of 1828, the effect of which was to raise the average price of wheat from 50s. in January to 76s. in November, and this, be it observed, when we found in the south of Europe, and in Spain especially, a source of very considerable supply, instead of competition, as in 1804–5, for sharing with us in supplies from the north of Europe. If in 1828 our external relations had been as they were in 1804, the average price of wheat would inevitably have reached upwards of 100s.

the crops at the approach of harvest unfavourable ; the consequence was, that the average price of wheat, after an intermediate fall, reached 98*s.* 4*d.* in August. But the weather then taking up, and continuing propitious for securing the crops, and these turning out better than had been expected, although far from being considered generally abundant, the price of wheat fell more than 20*s.* per quarter before the close of the year, and continued to decline till the spring following, when the Gazette average was 74*s.* 5*d.*, or a fall of about 24*s.*, since the preceding harvest.

The winter of 1805-6 was attended with more frost and snow than the preceding season, but was not a very rigorous one. The spring, like the preceding one, was backward ; and the appearance of the crops was unpromising. This circumstance, combined with political events, namely, the hostile proceedings of Prussia* against this country, under the dictation of France, which threatened in their consequences to cut off our supplies of corn from the Baltic, and which had the immediate effect of raising greatly the rates of freight and insurance, occasioned a rally in the average price of wheat to 84*s.* in June ; but thenceforward, notwithstanding that the weather was variable, and rather wet during the harvest, and notwithstanding the apprehension of increased political obstructions, in consequence of the overthrow and final subjugation of Prussia by the battle of Jena, followed by the Berlin decree, in the autumn of 1806, prices declined slowly, but progressively, to 73*s.* 5*d.* before the next harvest. The quality of the wheat was considered to be inferior to that of the preceding year, and the quantity a bare average, which was not then computed to be sufficient for the consumption.

* The Prussian government issued a proclamation, dated in March, 1806, prohibiting the entrance of British ships into any of its ports or rivers.

The winter of 1806-7 presented nothing remarkable of mildness or severity. The spring of 1807 was rather forward, and the summer fine and dry, to nearly the completion of the harvest in the southern division of the kingdom. In England and Wales, the wheat crop, although thin on the ground, was considered an average in point of yield. But in Scotland, where the weather was extremely unfavourable for the operations of the harvest, the wheat crop proved to be very deficient. Thus, in the *Farmer's Magazine*, —

1807. "The crops generally of little bulk. Wheat, in some districts, equal to an average, but in others suffered from bad weather."

The spring crops were throughout scanty, and the potato crops in Ireland had failed to a considerable extent. Still, as the wheat in England had been got in mostly in good order before the bad weather set in, and was brought early to market, prices declined to 66s. in November, being a fall of upwards of 30s. per quarter since August 1805. This fall, be it observed, took place notwithstanding the increasing gloom of the political horizon, which led to the apprehension, well founded as the events proved, of great, and at one time nearly insurmountable, impediments to importation.

The orders in council issued by our government, in retaliation of the French decrees, formed the grounds for the non-intercourse act of America, the year following. And the bombardment of Copenhagen in the autumn of 1807, was followed on the part of Denmark by a closing of the passage of the Sound, and on the part of Russia by an embargo on British shipping. While the Prussian ports of the Baltic had, under the dictation of France, been for some time before shut against the commerce of this country. Under these circumstances, the farmers were naturally induced, as by their increased capital from their great gains of late years they

were enabled, to hold larger stocks. There is, therefore, every reason to suppose that if political appearances had been less threatening, and the crops less scanty, the subsidence in 1807, to the level from whence the rise in 1804 took place, would have been complete.

But in 1808, and at the very commencement of it, the grain markets began to recover. The scantiness of the preceding crop was beginning to be felt, and at the same time the apprehensions which had been entertained of the exclusion of the British flag from trade in the Baltic were realised. Thus we were threatened with an almost total cutting off of a foreign supply, if we should have occasion for it, as it was thought inevitable that we should; it being considered as a settled point that this country did not produce corn enough for its own consumption.

The winter of 1807-8 set in very early, which of course increased the consumption of all kinds of grain, more especially as hay was scarce and dear. The appearances that a serious scarcity of food was likely to be felt before the coming harvest, induced parliament, on a report of a committee of the House of Commons, to prohibit the distillation from grain.* The same prospect had a natural effect on the corn market, and prices advanced accordingly in the spring of 1808.

The crops of 1808 proved more deficient than those of the preceding year. The memorably hot days in the early part of July † were considered

* One of the motives which induced the legislature to prohibit the distillation from grain was, doubtless, to afford some relief to the West India planters, by the substitution of sugar in the distilleries; but the immediate occasion and the professed object of the measure were distinctly stated to be the actual and apprehended deficiency of grain and of potatoes.

† The temperature on the 13th and 14th of July, 1808, was higher than it has ever since been, and I am not aware that there is any authentic record of any former instance of so high

to have done great injury to the wheat, and they were followed by a great deal of wet and stormy weather, from that time till the getting in of the harvest. Some of the other crops suffered, although not in the same degree with wheat, and the aggregate produce was estimated to be below an average.

a temperature in this climate. Of the season of 1808, the following extracts from the Farmer's Magazine convey the general character:—

“The first four months of the year were singularly stormy and cold, displaying all the horrors of winter, even till the last day of April. The month of May was ushered in with the most promising appearances; and vegetation, from that time, proceeded with a rapidity rarely witnessed in this country. The last two weeks of June, and the first three weeks of July, furnished warmer weather than had been remembered by the oldest man living*; and this unprecedented warmth was followed by dreadful thunder storms in every quarter of the island, accompanied with heavy rains, more resembling those of the torrid zone than what are usually experienced in the temperate climate of Great Britain. The loss and damage sustained by such heavy rains, can only be correctly ascertained at an after period. It is enough, in this place, to say, that, in consequence of them, the wheats have been mildewed considerably; a great part of the hay crop absolutely rotted; whilst field labour hath been thrown out of shape, and placed in a condition not to be remedied at this advanced period of the season.”—September, 1808, vol. ix. p. 375.

“The failure of the wheat crop, noticed in our last, proves greater than at first imagined, and appears to have taken place in almost every district, though in different degrees, according to the nature of the soil, the stage of growth at which plants had arrived when adverse weather set in, and the situation of fields occupied with that grain.”—December, 1808.

* *Extract from a Meteorological Journal, two miles north-west of London:—*

“July 1. 1808. — The leading feature of this month has been the extreme heat of the 12th, 13th, and 14th days. We have paid much attention to the state of the atmosphere, as the reports in this work will show, since January, 1802; and remember nothing approaching to the heat of the days referred to.

“We have used the same thermometer through the whole period, nor has the plan been changed; it hangs on the outside of a window frame looking N. E. In this situation on the 12th,

This was the period, too, when our communication with the Continent had become very much obstructed, so as to preclude the expectation of any considerable relief from foreign supply. In point of fact, there was an excess of export of about 15,000 quarters of wheat, occasioned by the wants of Spain and Portugal. The high price, therefore, (wheat having advanced by July to an average of 81s. 1d. per quarter, and by January following to 90s. 4d.) was a necessary condition for eking out a reduced supply of our own growth, when the obstructions to importation had become great, and were thought in that year to be insurmountable. Nothing, indeed, can better prove the magnitude of those obstructions, than the circumstance that an average price of upwards of 80s. when the exchange and the price of gold were nearly at par, was insufficient to bring forward any foreign supply worth mentioning. But such was the spirit of caution then prevailing in the corn trade which had been suffering from a slow but long-continued fall of prices, that the advance, although under circumstances so favourable to it, was very gradual. Thus it was not till May, 1808, that the average got up to 73s. 6d. for wheat. But thenceforward a backwardness of the crops, and unfavourable ap-

it was as high as $88\frac{1}{2}^{\circ}$; on the 13th, 91° ; and, on the 14th, it was at the astonishing height of 93° , at which it continued nearly an hour. At the timber yard near Westminster Bridge, we were informed, it was at the same height. In a shop in Holborn, on the 13th, we saw the thermometer at 89° , at a time that the shop appeared to the feelings very cool in comparison of the external air.

“ Mr. Capel Lofft of Troston, writes, that on the 12th and 13th, his thermometer stood both days at 91° , and his observations were confirmed by those of a neighbour; and at Bury St. Edmunds, the thermometer was 93° on the 12th, and at 95° on the 13th. Mr. Lofft observes, that ‘ twenty-seven years’ observation, very little interrupted, has never given me an equal result in two days, or even in a single day.’ ”

pearances of them, and very stormy weather during a great part of the harvest, which was considered to be deficient, occasioned a more decided rise, viz., to 92s., at the close of the year.

Under these circumstances, instead of having recourse to the Bank restriction and to war consumption, for the purpose of accounting for the rise in price, it should be rather a matter of wonder that it did not go much higher; and it is a tribute to the prudence of the trade at that time, that there was so much less speculation in it than, as will be seen, prevailed contemporaneously in other branches of trade, in consequence of an actual or apprehended cessation of all foreign supply. It is at the same time worthy of remark, that while in the interval under consideration, viz. from the commencement of 1804 to the end of 1808, so great a rise had taken place in the prices of corn there was a considerable fall in the prices of meat to the close of 1808, and first quarter of 1809.

In Smithfield Market

Beef.	Mutton.
1804, 4s. 6d. to 5s. 8d.	5s. to 6s.
1808, 3s. to 5s.	3s. 4d. to 5s. 4d.

The contract by the Victualling Board for the supply of fresh beef, was

* Dec. 1803, at 55s. 6d. per cwt.
Dec. 1808, 50s.

And Irish provisions, which might be considered to be directly acted upon by government demand, were,

Dec. 1803, Mess Beef, 152s. to 160s.
Mess Pork, 105s. to 115s.
1808, Mess Beef, 120s. to 125s.
Mess Pork, 65s. to 92s.

* In November, 1801, after preliminaries of peace with France, the contract was at 69s. 7d. per cwt. This is the first date quoted at Deptford; but there is a quotation for Plymouth yard in March, 1801, as high as 80s.

It is not easy to find a more striking instance than this of the little influence of government demand on the general prices of provisions, seeing that in that interval the demands for victualling the navy and army, were on an enormous scale, and progressively increasing, more especially at the close of 1808, when fleets and armies were despatched for the war in the Peninsula, which had just then commenced. If the rise in the prices of corn is to be explained by the supposed operation of the Bank restriction, or government demand, how is the fall in the price of meat to be accounted for? Leaving the supporters of either, or of both of the two theories, to offer a consistent explanation of the opposite tendencies of those two great classes of human food, I have now to call the attention of the reader to some most extraordinary variations, in this interval, of the prices of other descriptions of produce.

SECTION 3. — *Instances of some of the most prominent of the Variations of the Prices of Commodities besides those of Corn.*

It would be irksome to the general reader to trace with much minuteness the changes and the causes of those changes in the great number of articles which underwent those fluctuations (which any person wishing to follow them more in detail may do by reference to the list of prices in the Appendix), I shall therefore confine myself to a view of some of the most prominent of them, for the purpose of seeing how far they are calculated to countenance the theories in question.

Sugar and coffee, and some other articles of Colonial produce, which had reached an extreme point of depression at the close of 1801, advanced from that time till 1805. The Berlin and Milan decrees,

by narrowing the channels for export, depressed these articles in 1806 and 1807, and subsequently after experiencing a short-lived speculative improvement between 1807 and 1810, they were, till the opening of the ports on the Continent, some years later, viz. in 1813 and 1814, at a ruinously low range of prices.

Copper, in consequence of a greatly increased demand, not only for the sheathing of ships, but for an extensive coinage which was then in progress, attained, in 1805, to 200*l.* per ton, a price which it never afterwards exceeded, and below which it has constantly ranged, subsequently to 1808, when, for a short time, it was, after intermediate fluctuations, again at that price. Lead, which had ranged at about 20*l.* per fodder, previous to 1800, rose to 41*l.* in 1805, and after declining again to 28*l.*, rose in the autumn of 1808 to 43*l.*, a price which it never afterwards reached. British iron attained, in 1803, as high a price as it ever subsequently reached till 1818 and 1819. Foreign iron had been at its maximum in 1800 and 1801.

The close of the year 1807* found us, by the events of the war, excluded from direct commercial intercourse with every country in Europe, Sweden excepted; and there was consequently, besides in many instances a short actual supply, a *prospect* of scarcity of every article of European produce, required as raw materials for our manufactures, or as naval stores. About the same time, too, began our disputes with the United States of America, which produced first a non-intercourse act, and eventually a war. The prospect of scarcity thus held out, naturally excited a spirit of speculation; and in proportion as that prospect became realised, was the speculative de-

* The celebrated Milan decree was issued about this time.

mand extended through different periods in 1808, and the early part of 1809, when the obstructions to importation, from political causes, nearly reached their height. After the attack on Copenhagen, and the final withdrawing of our naval and military forces from thence, Russia and Denmark joined in the war against this country.* The Baltic being thus shut against any direct commercial intercourse with this country, it was not clear that any part of our usual supplies of necessary articles from thence could be obtained by any channel, however circuitous, or at any expense, however great. It was naturally supposed that Russia might, whether compelled by France, or of her own accord, make a point of depriving this country of some of the materials essential to the maintenance of our navy, and of these the foremost was hemp. This article, in consequence of such apprehensions, in aggravation of actual deficiency of supply, advanced from 58*l.* in the summer of 1807 to 118*l.* per ton in the course of 1808. Flax, on nearly the same grounds, rose from 68*l.* to 142*l.* per ton. Memel timber reached 17*l.* per load, having varied during 1806 and 1807 from 3*l.* 13*s.* to 8*l.* 10*s.* Deals and other descriptions of wood rose in proportion. Baltic linseed rose from 43*s.* to 150*s.* per quarter; Russia tallow, from 53*s.* to 112*s.* per cwt.

In consequence of the occupation of Spain by the French, it was imagined that the exportation of wool from thence would be rendered impracticable, or that, at any rate, the unsettled state of that kingdom would materially diminish the produce. Under this impression, a very great speculation was entered into, and the price rose from 6*s.* 7*d.* and 6*s.* 9*d.* to 22*s.* and 26*s.* per lb. for the Leonessa, and from 2*s.* 6*d.* and 5*s.* to 13*s.* and 18*s.* for Seville wools.

* A Revolution in Sweden in March, 1809, placed that country also in hostility against us.

Our principal dependence for a supply of silk was, at that time, on Italy; and there was a double ground on which the French, who then exercised dominion over that country, might be expected to do their utmost to prevent our obtaining any from thence. One motive would be, that of distressing us, and another would be, that of giving a more decided superiority to their own manufactures. It is not to be wondered at, therefore, that this article advanced considerably,—viz. Piedmont thrown silk from 30*s.* and 47*s.* in 1807, to 96*s.* and 112*s.* in 1808; China raw silk, from 19*s.* and 22*s.* to 33*s.* and 45*s.*; and Bengal, from 25*s.* and 33*s.* to 52*s.* and 85*s.*

The orders in council, on our part, and the non-intercourse act and various embargoes, on the part of the United States of America, were calculated to favour speculation in the produce of that country; and, accordingly, Georgia cotton advanced from 9*d.* and 1*s.* to 2*s.* and 2*s.* 6*d.* per lb.; and Virginia tobacco from 4*d.* and 8*d.* to 1*s.* 4*d.* and 2*s.* per lb.*

Under an impression of the permanence of the causes of dearth of provisions and of other necessities, increased as these were by the effects of progressive taxation, the rate of wages, particularly of artizan labour, experienced in the interval between 1803 and 1808, a further advance, and

* Of the falling off of supply, which gave occasion to this great advance of prices, take the following instances. Many others might be brought forward, which it would be tedious to enumerate.

Imports into Great Britain.

	Sheep and Lambs' Wool.	Raw and Thrown Silk.	Cotton.	Tallow.	Hemp.
	lbs.	lbs.	lbs.	cwts.	cwts.
1806	7,333,993	1,317,841	58,176,283	536,652	729,786
1807	11,768,926	1,123,943	74,925,306	367,398	756,824
1808	2,353,725	776,414	43,605,982	148,282	259,687

in 1808 and 1809 attained, in many branches of industry, its greatest height.

SECTION 4.—*New fields of enterprize opened for Exports.*

There was, coincidently with the great advance in imported commodities, a new and very extensive field opened for our exports.

The transfer of the seat of government from Portugal to the Brazils, and the virtual emancipation of the colonies of Spain from the control of the mother country, opened the trade of a great part of South America in 1808* ; and as by the course of the war we possessed the entire dominion of the seas, it was, in fact, to this country, exclusively of the rest of Europe, that this opening was presented. So vast and comparatively untried a field was not held out in vain to the merchants and manufacturers of this country ; and, accordingly, the spirit of speculation was on the alert to export every article, not only that might probably, but that could possibly, come into demand.

Mr. M'Culloch, in illustrating the effects of ignorance and miscalculation in the overstocking of such new markets as are occasionally opened, and in filling them with articles totally unsuited to the wants and habits of the people, gives the following graphic description of the shipments to South America in 1808 : —

“ The exportations consequent on the first opening of the trade to Buenos Ayres, Brazil, and the Caraccas were most

* There had been in 1806, a considerable excitement in the export trade, in consequence of the expedition of Sir Home Popham to Buenos Ayres. But both the expedition and the commercial speculations founded upon it ended disastrously.

extraordinary. Speculation was then carried beyond the boundaries within which even gambling is usually confined, and was pushed to an extent and into channels that could hardly have been deemed practicable. We are informed by Mr. Mawe, an intelligent traveller, resident at Rio Janeiro, at the period in question, that more Manchester goods were sent out in the course of a few weeks, than had been consumed in the twenty years preceding; and the quantity of English goods of all sorts poured into the city was so very great, that warehouses could not be provided sufficient to contain them; and that the most valuable merchandise was actually exposed for weeks on the beach to the weather, and to every sort of depredation. Elegant services of cut-glass and china were offered to persons whose most splendid drinking-vessels consisted of a horn, or the shell of a cocoa nut; tools were sent out, having a hammer on the one side and a hatchet on the other, as if the inhabitants had had nothing more to do than to break the first stone that they met with, and then cut the gold and diamonds from it; and some speculators actually went so far as to send out *skates* to Rio Janeiro."—*Principles of Political Economy*, 2d ed. p. 329.

This description of the exports in 1808 is the more especially to be borne in mind, as, in conjunction with the speculations in imports, and with the general excitement which is about to be noticed, it affords reasonable grounds for anticipation of the great reaction, and the ruinous results which are to be recorded, as having occurred in the two following years.

SECTION 5. — *General Excitement and Speculations in Shares in 1807 and 1808.*

The encouragement thus offered for speculative exports coinciding with the inducements held out by actual, and still more by prospective scarcity, to speculation in so many articles of general consumption, combined, in 1807 and 1808, to produce an almost universal excitement, leading, as usual on such occasions, to hazardous adventure, and extending itself to new projects of various kinds,

such as canals, bridges, fire offices, breweries, distilleries, and many other descriptions of joint-stock companies.

The speculations in shares had already proceeded to a considerable extent in 1807.* In many of the instances these speculations as well as those in goods reached the utmost height in the beginning of 1808, and the greater part before the close of that year.

* This will appear by the following extract from one of the contemporary periodical publications : —

“ To the Editor of the Monthly Magazine.

“ Sir,

“ Several of your correspondents have noticed the prevailing disposition for the establishment of joint-stock companies for almost every branch of trade, but none of them have attempted to show the progress we had made towards reviving the infatuation of the celebrated year 1720. These stock-jobbing speculations have received a check, which will probably prevent their increase for the present ; but in order to convey to future readers of your Magazine some idea of our commercial ingenuity and enterprising spirit, you probably will find room for the enclosed list. All the projects it comprehends have been laid before the public in the course of the last year, and the greater part of them will cease to be publicly known before the end of the present year. Yours, &c.

“ January 12. 1808.

G.

“ List of Public Companies proposed to be established by Subscription in the Year 1807.

“ 1. Hope Fire and Life Insurance Company ; capital 2,000,000*l*.

“ 2. County Fire Office, Southampton Street ; capital 350,000*l*.

“ 3. Eagle Fire and Life Insurance Company ; capital 2,000,000*l*., in shares of 50*l*. each.

“ 4. Rainbow Fire and Life Office, Commercial Road.

“ 5. Atlas Insurance Company, for Fire, Lives, and Annuities.

“ 6. Golden Lane Brewery, Brown and Parry's ; capital 300,000*l*., in shares of 50*l*. each.

“ 7. The Old English Ale Brewery, for brewing Ale, Amber, and Table Beer, from Malt and Hops only ; capital 75,000*l*., in shares of 25*l*. each.

“ 8. Maiden Lane Brewery.

“ 9. Weston Street Brewery.

“ 10. United Public Brewery, Bankside ; shares 52*l*. 10*s*. each.

The Strand Bridge (now Waterloo Bridge) and Vauxhall Bridge were projected, and the subscriptions for them raised in 1808.

“ 11. British Ale Brewery, Lambeth — Mainwaring’s.

“ 12. Public Brewery, Deptford.

“ 13. The London Genuine Malt Distillery, and Rectifying Company, at Vauxhall ; capital 140,000*l.*, in shares of 50*l.* each.

“ 14. The Public Distillery for making and rectifying Genuine British Spirits, Cordials, and Compounds ; capital 200,000*l.*, in shares of 50*l.* each.

“ 15. Another rectifying Distillery, on a smaller scale.

“ 16. Another making and rectifying Distillery, on a large scale ; capital 300,000*l.*

“ 17. London Genuine Wine Company, for importing and supplying Vintners and the Public in general with Port, Madeira, and Sherry Wines, free from adulteration ; capital 500,000*l.*, in shares of 50*l.* each.

“ 18. Britannic and India Wine Company ; capital from 250,000*l.* to 500,000*l.*, in shares of 100*l.* each.

“ 19. Genuine Wine Company ; capital 50,000*l.*

“ 20. London Subscription Wine Company, for supplying the Public with Foreign Wines of the first quality, for ready money ; capital 50,000*l.* in shares of 50*l.*

“ 21. Genuine Wine and Foreign Spirit Company.

“ 22. The London British Vinegar Company ; capital 100,000*l.*, in shares of 50*l.* each, with power to the Committee to increase the capital by the sale of additional shares.

“ 23. Vinegar Manufactory Company ; capital 50,000*l.*, in shares of 25*l.* each.

“ 24. Corn, Flour, and Provision Company, upon a very large scale, with the view of supplying Government, &c.

“ 25. United Public Dairy, for the sale of milk.

“ 26. New Medical Laboratory, for the preparation and sale of Genuine Medicines ; capital 50,000*l.*, in shares of 50*l.* each.

“ 27. British Coal Company ; capital 300,000*l.*, in shares of 50*l.* each, with power to the Committee to increase the capital by the sale of additional shares.

“ 28. Newcastle and Sunderland Coal Company ; capital 100,000*l.*, in shares of 50*l.* each.

“ 29. Shields Coal Company.

“ 30. National Light and Heat Company, by F. A. Windsor, 97. Pall Mall, capital 1,000,000*l.*, in shares of 50*l.* each.

“ 31. London Clothing Company, for supplying the Army, Navy, and Public with Clothes ; capital 100,000*l.*, in shares of 25*l.* each.

“ 32. United Woollen Company.

SECTION 6. — *On the State of the Circulation from 1804 to 1808.*

All the excitement which has just been described, the enormous advance of prices, extending to so many of the most considerable articles of consumption, and the speculations in shares which then prevailed, and a further advance in the wages of labour, occurred during a singularly equable state and moderate amount of the circulation, in as far as depended upon the issues of the Bank of England. This will appear by the following statement. The years 1802 and 1803 are included, for the purpose of showing, that in those two years of low prices, the average circulation of notes of 5*l.* and upwards*, was larger than on the average of the subsequent five years, and the prices of wheat are placed in juxtaposition for the purpose of showing their want of connection with the amount of the circulation:—

“ 33. Linen Company for Commission Sales; capital 500,000*l.*, in shares of 100*l.* each.

“ 34. London Commission Sale Company, for making advances on Produce and manufactured Goods, and selling them to advantage; capital 1,000,000*l.*, in shares of 50*l.* each.

“ 35. British Commission Company; capital 1,000,000*l.*, in shares of 100*l.* each.

“ 36. Albion London Information Office, for Sale or Exchange of Estates, Manors, Livings, &c., the disposal of appointments and practice in the liberal professions, &c.

“ 37. Company for purchasing Canal Shares, and lending Money for completing Canals; shares of 10*l.* each.

“ 38. British Copper Company; J. Jones, Lambeth.

“ 39. Cambrian Copper Company; capital 100,000*l.*

“ 40. Paper Manufacturing Company, by R. Dodd.

“ 41. The London Bank, by Mr. Brown of the Golden Lane Brewery; capital 5,000,000*l.*, in shares of 100*l.* each; 5*l.* to be paid on subscribing.

“ 42. National Deposit, Interest, and Credit Bank, by F. A. Windsor; capital 5,000,000*l.*, in 50*l.* shares; to commence business on the 1st of January, 1808.”

* The view would not be much varied, nor the conclusion materially impaired; the notes under 5*l.* were taken into the account.

Average Price of Wheat 31st Dec.	Bank notes of 5 <i>l.</i> and upwards.	
57 <i>s.</i> 1802,	13,917,977	} Average of two years, 13,450,727 <i>l.</i>
51 <i>s.</i> 1803,	12,983,477	
86 <i>s.</i> 1804,	12,621,348	
76 <i>s.</i> 1805*,	12,697,352	} Average of five years, 12,957,404 <i>l.</i>
76 <i>s.</i> 1806,	12,844,170	
66 <i>s.</i> 1807,	13,221,988	
90 <i>s.</i> 1808,	13,402,160	

And for the purpose of comparison with the circulation anterior to the Bank restriction, it may be worth while here to recall to the reader's recollection, that the average amount of the three years ending in December 1795, was 11,975,573*l.* Thus the average amount of the Bank circulation of notes of 5*l.* and upwards, in the five years ending in December 1808, exceeded by less than one million the average amount of the three years ending in 1795!

The position of the Bank, moreover, while all this great disturbance of prices was in progress, and attained nearly its greatest height, was such as it might, and probably would have been, if it had then been paying in cash; for, on the 28th February, 1808, it stood thus:—

Circulation —	£	Securities —	£
Notes of 5 <i>l.</i> and upwards,	14,093,690	Public	14,149,501
Notes under 5 <i>l.</i>	4,095,170	Private	13,234,579
	18,188,860		27,384,080
Deposits	11,961,960	Bullion	† 7,855,470
	30,150,820	Assets	35,239,550

* There was a fall of the exchange, and an efflux of bullion for a few months in 1805, in consequence of subsidies to Austria and Russia; but after the battle of Austerlitz, which led to a peace between Austria and France, the exchanges rallied, and there was a renewed influx of bullion.

† There cannot be a stronger presumption than is afforded by this amount of bullion, that the Bank had, up to this time, at least, in view, the eventual resumption of cash payments; else, why have bought gold, paying, absurdly enough, 4*l.* the ounce for all that was brought to them?

The stock of bullion was larger than it had been during the twenty years preceding the Bank restriction, with the exception of the short interval from 1789 to 1791. And, if the Bank had not fixed the price of gold at 4*l.*, by buying at that rate whatever quantity was offered to them, there can be no reasonable doubt, but that the market price would have subsided to the Mint price.* On the 31st August 1808, the circulation was reduced by somewhat more than a million, and the stock of bullion by about a million and a half.

31st August, 1808.

Circulation	£	Securities—	£
Notes of 5 <i>l.</i> and upwards	12,993,020	Public	14,956,394
Notes under 5 <i>l.</i>	- 4,118,270	Private	14,287,696
	<hr/>		<hr/>
	17,111,290		29,244,090
Deposits	- 13,012,510	Bullion	6,015,940
	<hr/>		<hr/>
Liabilities	30,123,800	Assets	35,260,030

The exchange on Hamburg, in the mean time, had risen from 34*s.* 4*d.*, in February, to 35*s.* 2*d.* in August. In this state of the exchange, of the stock of bullion, and of the circulation, there was assuredly nothing that could lead to the supposition of any influence by the Bank restriction, in raising general prices, and in favouring the speculations in that period, or to the inference, that the depreciation of the currency *caused by that measure*, was greater than the difference between paper and gold.

The very moderate amount, but more especially the equableness of the annual average circulation of the six years from 1803 to 1808, both years included, embracing an interval in which there were such extraordinary fluctuations, and so high

* The price of silver in 1808, although a little above the Mint price, was *lower than it had been during the greater part of last century, and lower than it was in 1792.*

a range of prices, and during which such large financial operations were taking place, and such great political changes occurred, are curious facts in the history of our currency.

How happened it that the Bank, having such powerful motives of interest, with a view to its dividends, to extend its issues, being no longer under the check of convertibility, the directors having avowed, moreover, that in the regulation of the amount, they disregarded the exchanges, which they held to be uninfluenced by the quantity of Bank paper, and that their only guide was, the demand for discount of good bills at 5 per cent.?—How happened it, that with such motives to excess, and under the guidance of opinions so unsound, there was so trifling an increase, compared with the amount before the restriction, and so small a variation in the yearly average of the issues?

The bullion committee of 1810, from whose report the foregoing amounts of the annual circulation are extracted, do not advert to this remarkable fact, and much less do they attempt to explain it. They notice only the marked increase, which took place in 1809 and 1810 (and which I shall have occasion to remark upon hereafter), observing, however, as an important principle, that the mere numerical return of the amount of Bank notes in circulation cannot be considered as at all deciding the question, whether such paper is or is not excessive.

This is very true, and accounts for some of the phenomena observed in former periods, as also in subsequent ones, of great alterations in the amount of Bank notes, consistently with a state of the exchanges at variance with the indications. But it does not explain how, under the varying but progressive increase of our trade, and under the very extraordinary circumstances of the political and financial state of the country, so equable and

so moderate an amount of the Bank circulation could be preserved ; and how, above all, it could be consistent with so enormous an advance of prices. In order, however, to account in some degree for the comparative smallness of the amount, the committee add,

“ But, above all, the same amount of currency will be more or less adequate, in proportion to the skill which the great money dealers possess in managing and economising the use of the circulating medium.”

They then refer to the increased use of bankers' drafts, and to the practice of the clearing-house among the London bankers, as among the expedients by which the currency is economised, and the same sum rendered adequate to a much greater amount of trade and payments than formerly. But, as we have had before occasion to observe, the improvements in economising the use of the currency have been *progressive* ; and yet, a very greatly enlarged circulation of Bank notes has been found necessary for carrying on the transactions of the metropolis and the country, consistently with the maintenance of the full value of the paper. This circumstance will, therefore, not go far to account for the very small increase between 1803 and 1808, compared with the amount between 1792 and 1795 ; and still less to explain the smallness of the variations of the annual amount.

An explanation has already been suggested, with a view to accounting for the general moderation of the issues of the Bank, during the whole period of the restriction ; and the solution of the difficulty was stated to be in the circumstance, that the coincidence between the Bank rate of discount and the market rate of interest for such bills as came within the Bank rules operated in the main, in conjunction with the financial system of the government, as a principle of limitation.

That coincidence seems to have been more uniform in the interval between 1803 and 1808, than

in equal periods preceding or subsequent, as may be inferred from the comparatively small variation in the total amount of the securities held by the Bank, which did not during the whole of that interval vary by more than three millions. The most material variation that occurred may here be instanced, as showing the manner in which the two descriptions of securities held by the Bank acted upon each other. In February, 1805, the securities were :—

Public	-	-	£16,889,501
Private	-	-	11,771,889
			<hr/>
Together	-	-	28,661,390

The government advances, as above, being beyond their usual amount, were soon after reduced by about five millions; and in August, 1805, the securities were :—

Public	-	-	£11,413,266 *
Private	-	-	16,359,564
			<hr/>
Together	-	-	27,772,850

And it may be observed generally, that there has been a tendency to compensation or adjustment between the private and the public securities held by the Bank. It appears, likewise, to have been the policy of the government, not to allow an accumulation of the unfunded debt, as long as the state of the money market admitted of funding without obvious disadvantage.

The amount of discounts, too, bore a nearer and more uniform proportion to the advances to government during this period than before or subsequently.

* And during this reduced and low state of the advances to government, the average price of wheat in August, 1805, rose to 100s. per quarter.

SECTION 7.—*Advances by the Bank to Government.*

With reference to the advances by the Bank to government on land and malt, Exchequer bills and other securities, the bullion committee of 1810 remark, —

“ That the yearly advances have, upon an average, since the suspension, been considerably lower in amount than the average amount of advances prior to that event; and the amount of those advances in the two last years, though greater in amount than those of some years immediately preceding, is less than it was for any of the six years preceding the restriction of cash payments.”

This, of itself, is an important admission, and if the attention of the committee had been sufficiently directed to the inference from the fact, it might have led them to hesitate more than they did, in making the charge of *depreciation by excessive issue*.

But there is one point of view in which the moderation of the advances of the Bank to government may be exhibited in a still more striking manner.

From the documents laid before parliament, in consequence of the attention called to the subject by the repeated motions in parliament of Mr. Grenfell, to whose persevering exertions the public are indebted for a considerable abatement, which about that time was made in the charge of the Bank, for the management of the public debt; it appears that the average of the government deposits in the hands of the Bank, in 1806, was 12,197,303*l.*, and that the amount fluctuated for some years after between eleven and twelve millions. Now, the average of the advances by the Bank to government, was in those years somewhat under fourteen million five hundred thousand pounds. *So that the real cash advance, or the medium for the issue of Bank notes*

through the government, as also the real amount available to the government beyond its own cash balance in the hands of the Bank, did not, in the interval now under consideration, much exceed three millions!

This comparative smallness of the advances to government negatives the supposition so commonly entertained and reasoned upon, as a point beyond doubt, that the Bank was rendered by the restriction, a mere engine in the hands of government for facilitating its financial operations, and that the war could not have been carried on without the restriction. In fact, the whole charge of an undue proportion of the issues of the Bank in advances to government, will be found to have been confined to the two last years of the war, and *the five years following the peace*. But the comparative smallness of the advances to government, during the period now under consideration, is material in another point of view; for it will be seen hereafter, that the partisans of the doctrine of the paramount influence of the currency upon prices, lay great stress upon the *channel* through which the Bank notes are issued, imputing a great superiority of effect to the same amount if issued or withdrawn through the medium of advances to government.

SECTION 8.—*General Remarks on the State of Prices, and of the Circulation at the Close of 1808.*

It is of importance to remark, that this was the state of things after an interval of twelve years from the Bank restriction, during which interval there was only one period of a few months in 1801 and 1802, in which the price of gold was above

4*l.* per ounce, or the price of silver higher than it had been during the greater part of last century. And yet at different times in this interval of twelve years, nearly every article of consumption experienced a rise of price fully equal to, if not surpassing, any that it subsequently attained, with the exception of a few articles of colonial produce, which were extravagantly raised, by ill-judged speculations, on the peace in 1814. The price of labour, too, had, by the close of 1808, attained nearly its maximum height, more especially artizan labour.

It has been shown in the case of corn more especially, and of many other articles, and it might be equally shown of the rest of those that had risen, that in every individual instance scarcity, real or apprehended, was the occasion of the advance. It may be true, that in all, or in the greater part, the rise proved to be beyond the occasion. And it is probable, that the rise could not have proceeded to the height which it attained in some of the articles, had it not been for an extension of the country bank issues, and an extension generally of the circulating medium, by bills of exchange, and other forms of credit. But such has been the case, under circumstances favourable to speculation, both before the restriction and since the resumption of cash payments; and it will be seen that the restriction did not exempt over trading in the present instance from its ordinary results.

The question, however, is not, whether the rise was beyond the occasion, but whether it was the scarcity, real or apprehended, of the commodities, or the abundance of money, that was the cause of the advance of prices; and it may be put to any one, who has been at the trouble of examining the facts referred to in the view which has been taken of the period from the restriction to the close of 1808, whether there is the slightest ground to ascribe the rise to an abundance of money, and

not to the scarcity, real or apprehended, of the commodities. So palpable, indeed, so clear is the negative of any thing like depreciation, as contradicting abundance of money from scarcity of commodities, that a reference is seldom made by the supporters of the doctrine of depreciation, as arising out of the Bank restriction, to the period anterior to 1809. And yet, the mass of high prices of commodities, arising from the circumstances described, have constantly been included in the general impression which the public entertain of great depreciation, caused by excess of money, as characterising the whole period of the Bank restriction.

It may be right, however, here to add, that it was only down to the autumn, and not quite to the close, of 1808, that the position of the Bank, and the quotations of the foreign exchanges, were in a satisfactory and sound state. In the last three months of 1808, although no increase worth mentioning had taken place in the circulation of the Bank, the exchanges fell rapidly, and there was a considerable reduction of its stock of bullion. But this alteration may be considered as more properly belonging to the next epoch ; while, on the other hand, the impulse given to the great advance of prices in 1808, and the anterior period, had not, in some instances, operated to its full extent till the beginning of 1809. The alteration of the exchanges, and of the position of the Bank, in the last quarter of 1808, therefore, will be considered as belonging to the next epoch ; while the completion of the rise of prices, originating in, and anterior to, 1808, may be included in the interval which has just been reviewed.

SECTION 9. — *Summary of the preceding Survey.*

As the results of the survey of the period, which has passed under review, it appears —

1. That, during the first year after the renewal of the war with France, the prices of corn were falling, and were, in the early part of 1804, as low as they had been, on an average, in ten years before the war or the Bank restriction.

2. That the harvest of 1804 proved greatly deficient, and was the cause of a great rise of the prices of provisions, and the occasion of a fresh rise of wages.

3. That the harvests of 1807 and 1808, although not of so marked a degree of deficiency, were considered to have yielded only scanty crops, which, seeing the *increasing*, and, in the last of those years, the *insurmountable, difficulty of obtaining a foreign supply*, rendered a high price the necessary condition, with the aid of the prohibition of distillation from grain, of limiting the consumption to the reduced sources of supply.

4. That the progress of the power of France on the Continent of Europe in 1807 and 1808, and the consequent enforcement of the Berlin and Milan decrees, coincidently with the non-intercourse acts of the United States of America, rendered our actual importations of the most important raw materials for our manufactures deficient in an extraordinary degree, and threatened to cut off all future supply ; thus justifying a great rise of prices, on the ground, not only of actual, but of prospective, scarcity.

5. That, while all importable commodities were thus naturally the subject of a great speculative rise, the opening of the trade with the Brazils and Spanish America afforded great inducements to speculations in exportable commodities.

6. That the state of excitement, usually attendant

upon apparently successful speculations, communicated itself to various other objects of enterprise, and occasioned the projection of numerous joint-stock companies, and other manifestations of the spirit of adventure.

7. That the great rise of the prices of corn, and of other leading articles of consumption, some of them to a height beyond any which they ever afterwards attained, and the great attendant spirit of speculation and general excitement in 1807 and 1809, *took place under a remarkably restricted and equable state of the Bank circulation*, and in a state of the currency which, judging by the exchanges, and the price of bullion, and the position of the Bank, as to its treasure, compared with its liabilities, was such as it might have been in a convertible state of the paper.

8. That this was the state of things, as regarded the position of the Bank, and the value of the currency, *after sixteen years of the war and twelve years of the Bank restriction.*

CHAP. V.

STATE OF PRICES AND OF THE CIRCULATION, FROM
1809 TO 1813.

THE epoch which we are now entering upon, viz., from the close of 1808 to the commencement of 1814, embraces the precise interval which has commonly been fixed upon in proof, as it is alleged, of depreciation of the currency by the Bank restriction, greatly beyond the degree indicated by the difference between paper and gold. And what, in a historical point of view, as relates to the commerce of this country, is of much more importance, the interval between the commencement of 1809 and the close of 1813, besides the astounding changes which were wrought in the political condition of the principal states of Europe, embraces events which caused greater revolutions in the principal channels of our foreign trade, and more signal vicissitudes in the fortunes of individuals, than can be found in any other equal portion of our commercial history.

We have seen that, towards the conclusion of the last epoch, the course of political events had been such as tended to the exclusion of this country from commercial intercourse with the Continent of Europe, and with the United States of America. The consequence had been a great falling off of the importation of all European and American produce, and an enormous advance of prices, upon the speculation of continued and in-

creasing obstacles to our receiving further supplies. The corn trade, however, as was before observed, had not participated to the full extent of that speculation ; for, high as the price was, it does not appear to have been high enough, although the ports were open, to induce adequate efforts to overcome the impediments which then existed to a foreign supply.*

In the examination of the causes of the great variations of prices observable in the epoch now coming under review, those of corn and other agricultural produce are first to be considered. And, for reasons which will be obvious, the examination will be found to be more conveniently conducted by a subdivision of the epoch into two periods, viz., from the commencement of 1809 to the summer of 1811, and thence to the commencement of 1814.

SECTION 1.—*Prices of Agricultural Produce, from the Commencement of 1809 to the Summer of 1811.*

The strong impression which had prevailed of the insufficiency of the crop of 1808 to meet the consumption till another harvest, without the aid of a foreign supply, *which was not forthcoming*, preserved a high range of the price of wheat through the early part of 1809, and the averages reached 95s. in March of that year. But it then became apparent that the stock on hand was not so much reduced as had been apprehended, and that it was likely to suffice for the consumption, restricted as that was.

* The whole importation of wheat from abroad in 1808 had been 81,466 qrs., while our exports to the Peninsula were 77,567.

by the high price, and by the prohibition of distillation from grain. As, therefore, the harvest approached, and appearances became favourable of the growing crops, the markets gradually gave way, the average price of wheat having, in the course of July, got down to 86*s.* 6*d.* : and there is every reason to believe that, if the crop of 1809 had turned out to be productive, and well got in, a great fall of prices would have been the consequence. But the harvest weather proved very adverse. Heavy rains set in in July, and from thenceforward, till the middle of October, the season was exceedingly wet.* Scarcely any part of the crops was secured in good order; and a very large portion of the wheat suffered from mildew, and from sprouting.

The injury from these causes was more extensive than in any seasons here recorded, excepting only 1799 and 1816. All the crops, including hay, were very much damaged; and the wheat and barley proved to be deficient in quantity, as well as inferior in quality and condition. Prices rose in consequence; and the average for December 1809 were,

Wheat	-	-	102 <i>s.</i> 6 <i>d.</i> †
Barley	-	-	50 <i>s.</i> 6 <i>d.</i>
Oats	-	-	30 <i>s.</i> 3 <i>d.</i>

Previously to any decided indication of mischief to the crops of 1809, the government seems to

* It may be sufficient to bring it to the recollection of some readers, if they be reminded, that it was the season in which the ill-fated expedition to Walcheren took place; for it must be still remembered how much the calamitous sickness which attended it was aggravated by the rains which prevailed, almost incessantly, from its embarkation to its return.

† The very indifferent quality and condition of the wheat of the crop of 1809 kept down the average price: the best samples in Mark-lane were, in December 1809, worth 125*s.* The price of oats was comparatively low because the quality had been more injured than the quantity; besides that there had been an importation in 1808 of about 500,000 quarters.

have been alive to the deficiency of the growth of the preceding year, which had left very little stock on hand, and to have adopted measures for facilitating importation. It appears to have suited the views of the French government, at the same time, to promote an exportation of corn, which happened then (as one of the exceptions to the observation of a general similarity of seasons) to be unusually abundant and cheap in France and the Netherlands. Licenses were accordingly obtained from both governments; and, as a consequence of these measures, about 400,000 quarters of wheat, besides other grain, were imported before the close of 1809.

The spring of 1810 was singularly cold and ungenial: a series of dry east winds prevailed for many weeks together. The hay crops were remarkably deficient.* The wheats, at the same time, were generally thin on the ground. This unfavourable appearance of the coming crops, and their general backwardness, combined with the known deficiency of the existing stock, raised the averages in June for wheat to 113*s.* 5*d.*†; and the weather having become wet and stormy in July, and the first fortnight of August, prices experienced some further advance, viz., to an average of 116*s.* for wheat.

These high prices, and the speculation on the prospect of a further advance, had stimulated extraordinary efforts to obtain a foreign supply; so that, notwithstanding the enormous expenses of freight, insurance, and licenses, amounting collectively to from 30*s.* to 50*s.* per quarter on wheat, and in proportion for other grain, the importation in 1810

* The price of hay rose, in the winter following, to 11*l.* per load.

† Barley and oats did not participate in the advance; the averages at the close of June, 1810, being 49*s.* 9*d.* and 30*s.* 6*d.* The prohibition of the distillation from grain might contribute to keep down the price of barley.

amounted to about 1,500,000 quarters of wheat and flour, and about 600,000 quarters of other grain and meal.

Of the deficiency of the wheat crop of 1809, and of the degree in which we were dependent on a foreign supply for keeping down the prices between that and the harvest of 1810, the following extracts from the *Farmer's Magazine* will furnish some interesting details : —

“ Grain markets, taking all circumstances into consideration, have seldom been worse than for several months past. Three causes may be assigned for the uncommon dulness of the markets from one end of the island to the other. First, the bad weather before and during harvest last year, whereby a large proportion of grain, wheat especially, was in some degree rendered useless as an article to be manufactured into bread. Secondly, the very large, and, for the time, uncommon importation of wheat and oats from France and Holland, and the partial arrivals of wheat from America, — all tended to make a considerable part of British grain absolutely unsaleable, — that imported being in fact generally of superior value, harvested in a better climate, and free of the diseases and accidents which almost ruined the last crop in this country. Thirdly, the prohibition against the use of grain in the distilleries ; whereby seven or eight hundred thousand quarters were deprived of a market, at a time when a considerable part of British grain was fit for no other purpose than distillation.” — *Farm. Mag.* vol. xi. p. 100. March, 1810.

“ Letter from London, Mark-lane, 5th March, 1810.

“ The character of the crop of 1809 was represented, by the most intelligent agriculturists in every part of Great Britain, as being unproductive, especially in the article of bread corn. The deficient qualities and diminished quantities, and consequent high prices, of wheat which appeared at this market after harvest, attracted the attention of the foreign merchants, and they soon devised means of obtaining supplies from the enemy's coasts. Their activity has already had the effect to introduce into this port, since the date of our last, in the end of November, no less than 220,348 quarters of wheat, chiefly from the ports of France, Holland, and Flanders ; a quantity within 8785 quarters of the whole arrivals of *British wheat* at this market in the year 1809, and equal to more than a half of both the English and foreign wheats entered inwards during the above period.

“ These large foreign supplies have certainly checked the tendency to higher prices during winter ; and have drawn hither

buyers from all parts of the island, as well as coasting counties, who require superior qualities to work off their *own* inferior and damp descriptions of wheat.

“ State of London markets, Monday, 5th March.

Wheat, English white	105s.	110s.	115s.	per qr.
—— Ditto, red	94s.	96s.	102s.	
—— Dantzic, &c.	108s.	115s.	117s.	
—— Brabant and French	92s.	98s.	105s.	

Farm. Mag. vol. xi. p. 133. March, 1810.”

“ The value of grain has, in some respects, increased, chiefly owing to the advanced rate of freight, and the high price given for wheat at foreign markets. Grain of home produce, except such as is sound and of fine quality, meets, however, with a dull sale, as formerly. The lamentable deficiency of last year’s wheat crop, as often mentioned in this work, is now completely ascertained, by the immense importations of the last six months,—importations greatly exceeding those of 1800 or 1801, and by far the largest that ever took place in Britain during such a short period. Without them, it is almost certain that a kind of dearth would have happened.”—*Farm. Mag.* vol. xi. p. 253. June, 1810.

“ Letter from London, 2d June, 1810.

“ The arrivals of wheat from our own coasts, between 3d March last and this day, amount only to about 36,000 quarters, while those of foreign growth are 280,000 quarters, forming an aggregate of 316,000 quarters. The sales, during the same period, are within 1000 or 2000 quarters of this vast quantity. Both accounts are returned to the lord mayor’s offices; but, as those of the present week will not be made up till Monday, the exact figures cannot be given. The quantity imported and sold, in these three months, is greater than the total sales of either of the two preceding years, which in 1808 were 276,077 quarters, and, in 1809, 292,205 quarters. The quantity of flour imported has also been extensive.”—*Farm. Mag.* vol. xi. p. 277.”

“ Letter from London, 3d August, 1810.

“ The quantity of English wheat which has appeared at market is quite trifling, not equal in some weeks to one eighth of the consumption; but we continue to receive a full supply of foreign grain, whereby the great deficiency of home produce is amply made up. The arrivals this week, from foreign ports, exceed 25,000 quarters; whereas no more than 980 quarters have been imported coastwise. Good qualities are worth 122s. and 128s. per quarter; but the average price does not exceed 101s. 6d.; whence it will appear that a large part is of inferior quality.”—*Farm. Mag.* vol. xi. p. 416.

A great turn, however, took place in prices after the middle of August, 1810. The weather, thenceforward, cleared up, and continued uninterruptedly propitious to the progress of the harvest till its completion, insomuch that the whole of the crops was secured in good order. The wheats, although considered to be deficient in quantity*, were, by their good condition, all available for early use; and from this circumstance, combined with the very large foreign supply, the markets declined thenceforth, the prices by the end of the year being upwards of 20s. lower than in August preceding. The averages at the close of 1810 being for

Wheat	-	-	94s. 7d.
Barley	-	-	41s. 7d.
Oats	-	-	26s. 3d.

The corn-dealers, who had speculated on the bad weather at the commencement of the harvest, were severe sufferers, and many were ruined; thus swelling the list of bankruptcies, the great extent of which will be noticed more particularly hereafter.

The prices slowly, but progressively, declined till the summer following; the averages for June, 1811, being, for

Wheat	-	-	86s. 11d.
Barley	-	-	38s. 6d.
Oats	-	.	27s. 5d.

It is not a little remarkable, that in the discussions in the House of Commons, in May, 1811, on the bullion report, hardly any reference was made to deficiency of the crops, arising from the seasons, as accounting for the high price of corn, and the large importations in 1809 and 1810. It should seem that the disputants on both sides, with the exception of Mr. George Rose, had no

* Farmer's Magazine, 1810. "Wheat, in almost every case, excellent in grain, but in many districts thin, and by no means an average."

notion of deficiency of crops, as justifying or explaining high prices, except in the peculiar instances of 1794 and 1795, and 1799 and 1800.

Mr. Horner must have been under an inexplicable misconception of the facts of the case, if the report of his speech, when bringing forward his resolutions on the 6th May, 1811, be correct. According to that report, page 812. vol. xix. Parliamentary Debates, he is stated to have said, —

“ It is allowed, that the principal article of import in the last year was grain, and that import was enormous. Now it appears to me, that the House should most seriously consider what could be the reason that produced a necessity for about 2,000,000 of quarters in one year, which was not a year of famine. When we consider the great part of our population which is employed in manufactures, and the great and increasing portion of that population which is on the list of paupers, no man can look to the possibility of another year of dearth, without feeling the most painful and serious alarm. I look upon this increase of the price of corn as a very strong argument in support of the opinions which I have taken the liberty to state to the committee.”

It is here perfectly clear, that Mr. Horner either denied the scarcity as the cause of the high price, or that he confounded dearth with depreciation. Now dearth means dearness, arising from scarcity of the commodity, while depreciation supposes no scarcity of the commodity, but simply an increase of money raising prices.

Mr. George Rose replied,

“ The honourable gentleman complains of the large importation of corn lately as a great evil, and threatens inquiry respecting it. My defence will be short, but, I hope, satisfactory, — had the importation not been permitted, the distress for bread would have been extreme. With the aid of two millions of quarters of foreign corn, the quartern loaf was at fifteen pence, and, without such aid, it would probably have been at half-a-crown. The consequences which must arise, from paying foreigners for so large a quantity of corn as would probably be imported, were too obvious not to have been foreseen; but in such a dilemma there was no hesitation between submitting to the inconvenience of the nature apprehended, and to the want of bread to the necessitous part of our population.”

The retort was complete, but produced no impression. The attention of the house and of the public was absorbed in the question of principle; and the utter untenableness in argument of the principles for which Mr. Rose and his colleagues in the ministry, with the Bank directors, contended, cast into the shade, as irrelevant and inconclusive, all mere matter of fact. The truth is, that if it had not been for the very large importations of corn between the harvests of 1809 and 1810, the scarcity would have been most severely felt; and when Mr. Horner asked, what could be the reason that produced a necessity for about two millions of quarters of corn in one year, which was *not a year of famine*, the simple answer was, that, *but for that importation, it would have been a year of famine.*

SECTION 2.—*Fall of Prices of Commodities, and Commercial Distress, from 1809 to 1811.*

But while the price of corn had undergone this fluctuation of a rise of nearly 30s. the quarter, and again a fall to the same extent, between the summer of 1809 and that of 1811, and while some descriptions of agricultural produce, such as hay, for instance, and other provender, were still scarce and dear, all other productions, whether raw materials or manufactured articles, experienced a very great fall of price, between the commencement of 1809, and different periods in 1810 and 1811.

The great advance, and the enormously high range, of prices in this country, in 1808, while on the Continent they were low, (by the operation of the same causes as made them high here), induced the merchants on both sides to make great efforts to overcome or elude the obstacles to

importation, opposed by our own orders in council, as well as by the continental system. Accordingly, measures were taken, by means of licenses from the government of this country, and of simulated papers, which were calculated to lull the vigilance, or satisfy the scruples, of those foreign governments which were the unwilling tools of the overbearing power of France at that period, for the purpose of importing, on a large scale, the commodities which had experienced so great a rise.

The measures so taken were effectual; and the importations, accordingly, in 1809 and 1810, were, independently of corn, which has already been noticed, of overwhelming magnitude, as will appear by the following comparison with the imports of the preceding year: —

Years.	Wool.	Silk.		Tallow.	Hemp.	Flax.	Linseed.
		Raw.	Thrown.				
	lbs.	lbs.	lbs.	cwts.	cwts.	cwts.	Bush.
1808	2,353,725	637,102	139,312	148,282	259,687	257,722	506,332
1809	6,845,933	698,189	501,746	353,177	858,875	533,367	1,119,763
1810	10,936,224	1,341,475	450,731	479,440	955,799	511,970	1,645,598

But not only was there this enormous increase of importations of raw materials from the Continent of Europe. Of Cotton the imports were, in

1808	-	-	43,605,982 lbs.
1809	-	-	92,812,282
1810	-	-	136,488,935

Even of West India produce, the prices of which had not presented so great an inducement, there was a considerable increase, thus Sugar, imported in

1808	-	-	-	3,753,485 cwts.
1809	-	-	-	4,001,198
1810	-	-	-	4,808,663

And of Coffee, the quantity imported in 1810. was double of what it had been in 1807, viz.,

1807	-	-	-	417,642 cwts.
1810	-	-	-	828,683

The following Table will present, at one view, the fluctuations in the price of some of the most considerable imported articles, between 1807 and the summer of 1811.

		1807.			1808-9.			1810-11.		
		Lowest.		Highest.	Lowest.		Highest.	Lowest.		Highest.
		l.	s. d.	l. s. d.	l.	s. d.	l. s. d.	l.	s. d.	l. s. d.
Cotton, Georgia	- per lb.	0	0	10	0	0	10	0	1	7
— Pernambuco	-	0	1	9	0	1	8	0	2	3
— Bengal and Surat	-	0	0	10	0	0	9	0	1	6
Tobacco, Virginia	-	0	0	4	0	0	4½	0	1	1
Silk, Piedmont, thrown	-	1	10	0	2	2	0	2	14	0
Wool, Leonessa	-	0	6	7	0	6	7	0	14	0
— Seville	-	0	2	6	0	2	6	0	9	0
Hemp	- per ton.	57	0	0	66	0	0	76	0	0
Flax	-	65	0	0	80	0	0	100	0	0
Tallow, Russian	- per cwt.	2	13	0	3	10	0	4	4	0
Linseed	- per quarter	2	3	0	3	5	0	5	2	0
Oil, Galipoli	- per ton	64	0	0	70	0	0	73	0	0
Ashes, American	- per cwt.	2	4	0	3	9	0	3	1	0
Rice, Carolina	-	1	3	0	1	6	0	2	0	0
Tar, American	- per barrel	1	1	0	1	8	0	2	4	0
* Sugar, Muscov. Gaz. Average	- per cwt.	1	10	9	1	17	10	2	13	11
— White Havannah	-	2	0	0	2	6	0	3	15	0
Coffee, Jamaica	-	5	12	0	8	0	0	7	6	0
— St. Domingo	-	none			4	0	0	5	12	0

* It is to be observed with reference to sugar and coffee, that they had not participated in the great speculative rise in 1808-9. They rose a little in the spring of 1810, in consequence of shipments to the Baltic, which were mostly confiscated when they reached their destination; and the quotations are here introduced to show the extreme depression which these articles underwent in 1810, 1811.

As in the short importations in 1808, combined with the apprehension of failure of future supply, there was substantial cause for a great advance of price, so, in the superabundant supplies of the two following years, there was a sufficient cause for the great fall which, in *many instances*, left to the importer, after paying for the enormous charges of importation, *nothing whatever for the prime cost*.

While this great fall was taking place in the price of the bulk of imported commodities, a total stop was put to our exports to the Baltic, by the extensive confiscations which had occurred in the summer of 1810 in the ports of Germany, and Prussia. The returns, too, from South America were now coming round; and these left a ruinous loss to the exporters, many of whom had bought the goods on credits maintained by the circulation of accommodation paper.

From the close, therefore, of 1809, through 1810, there was a complete exemplification of the circumstances which are conducive to a reduction of private paper, and to a diminution of transactions on credit, viz., stagnation and despondency, as succeeding to a state of speculation and over-trading. And so many circumstances, on so large a scale, combining in the same direction, the fall of prices, the reduction of private paper, and the destruction of credit, were greater and more rapid than were ever before, or have since, been known to have occurred within so short a space of time. A general dismay prevailed throughout nearly all branches of trade, during the last six months of 1810, and the first few months of the following year, when the depressing causes had produced their greatest effect. The following extracts, from the commercial reports inserted at the end of each number of the Monthly Magazine, convey the best and, according to my recollection, the most accurate description that I have met with of the state of distress which then prevailed:—

“ Monthly Commercial Report, 1st August, 1810.

“ The failures of several houses of the very first respectability, both at London and in different provincial towns of Great Britain, have, within the last month, been unprecedented in number and importance. A West India broker, who has long been considered the first in his line, was, we are told, the prime cause of the stoppage of a banking-house, whose credit was previously unimpeached. The several banks in the country, connected with the London house, of course shared its fate ; and from them the evil spread to merchants, manufacturers, traders, and, in short, to the very servants and dependents of these, numbers of whom are thrown out of employment, and their families deprived of bread. Speculations in Spanish wool, an article which has fallen about fifty per cent., are considered as the origin of those unlooked-for disasters. Five Manchester houses have stopped payment in the city, and, we are sorry to add, have involved numerous industrious persons, both in town and country, in their ruin. The demands upon the five houses are said to amount to *two millions* ; but it is supposed that their real property will ultimately cover all deficiencies. Speculative exports to South America are the rock upon which these houses have split. In consequence of these unexpected events, public credit is at the present moment as low as ever it has been in the memory of man : the fluctuation of prices in the money-market is unprecedented, and the depression so considerable, that omnium is fallen to two and a half per cent. discount. We understand that some respectable merchants have waited upon the Bank directors, in order to solicit their aid towards the alleviation of the burdens with which our internal commerce is at present borne down. The result of this application is not as yet publicly known ; we trust it will prove favourable. The renewal of our intercourse with the United States of America has, in some sort, benefited the manufacturing interest ; but this felicitous effect is almost swallowed up in the vortex of those calamities, which it has been our painful duty to record.

“ Holland. — All trade between Great Britain and this devoted country is completely put a stop to by the rigorous execution of the French emperor's anti-commercial decrees. It is even reported that the captains and part of the crews of two vessels were shot for violating the prohibition.

“ Prussia. — Money is so extremely scarce in the Prussian ports, that the merchants can with difficulty collect sufficient to defray the import duties ; and interest is represented to be at the extravagant rate of two and a half per cent. per month.”

“ 1st December, 1810.

“ A numerical evidence of the present state of trade may be deduced from the number of bankruptcies in the London Gazette, inserted in this magazine : —

They amounted this month, in 1810, to	273
The same month, — 1809, —	130
Ditto - - — 1808, —	100
Ditto - - — 1807, —	97
Ditto - - — 1806, —	65
Ditto - - — 1805, —	87
Ditto - - — 1804, —	60

Besides stoppages and compositions, equal in number to half the traders in the kingdom ! These failures throughout the kingdom have wonderfully affected the manufacture of every description of goods ; and a general want of confidence exists between the manufacturer and the export merchant. The speculators at Liverpool have completely overstocked the different markets of South America, where, at present, English manufactured articles can be purchased at a loss of twenty per cent. to the exporter, with the exception of a few articles, on which little or no credit could be obtained here."

1st January, 1811.

" In our last Report we stated the vast increase of bankruptcies within the last month, compared with similar months for seven years back ; and we regret to say that they still continue to increase in number, and that confidence in the mercantile world seems nearly at an end.

" Discount, unless bills, &c., of a few of the first houses in the city, can only be done through the medium of bill-brokers, at an extra commission, exclusive of the regular interest.

" In Lancashire the cotton manufacturers appear, by the late Gazettes, as well as by private information, to be greatly distressed, and business quite at a stand. In Manchester, and other places, houses stop not only every day, but every hour. Cotton wool is in no demand at any price, and no export of the manufactured goods, except a few fine sorts to Rio, &c. The trade of Birmingham, Sheffield, &c. quite at a stand, and no orders for execution there, except a few for our home-consumption. At London, Liverpool, and Bristol, the king's stores are full of all kinds of colonial produce, as coffee, sugar, rum, &c., for security of their duties, and the proprietors in the greatest possible distress, not being able to force sales of these articles."

To prove that these are not exaggerated descriptions of the commercial distress which prevailed in this country at that period, I need only refer to the parliamentary debates in the spring of 1811, from which I have made as many extracts as my limits will permit.

Extracts from the Report of the Select Committee of the House of Commons on the State of Commercial Credit, 7th March, 1811.

“ Your committee found that memorials had been presented to his Majesty’s treasury, towards the latter end of the last and the beginning of the present year, stating the great embarrassments and distress which were felt amongst the manufacturers in the cotton trade in Glasgow and Paisley, and their vicinity, and praying for public assistance ; that the same were confirmed by the representation of a meeting held in the city of London on the 12th of February, which sent a deputation to wait upon the Chancellor of the Exchequer with a copy of the resolutions adopted at that meeting. These resolutions your committee have inserted in the appendix to this report.

“ Your committee found, by the evidence of the witnesses they examined, that those statements and representations were founded on fact.

“ It appeared to your committee that the principal part of the distress which was complained of had arisen out of great and extensive speculations, which commenced upon the opening of the South American markets in the Brazils, and elsewhere, to the adventures of British merchants.

“ Your committee also found that great distress was felt in a quarter which was much connected with this trade, namely, amongst the importers of produce from the foreign West India islands, and from South America.

“ That great part of the returns for the manufactures which were exported to those parts of the world came home in sugars and coffee, which, not being entitled to sale in the home market, there were no immediate means of realizing their value.

“ These representations of the distress experienced in the trade of the cotton manufacturer and exporter, and from the want of market for foreign colonial produce, were also confirmed by respectable merchants and traders in London ; who also stated that the embarrassments were felt in other branches of trade, not connected with foreign commerce or colonial produce.”

Extract from the Speech of the Chancellor of the Exchequer, in the Debate on the Commercial Credit Bill:

“ The consideration of this important subject, he observed, divided itself into three heads :—first, the nature and extent of the evils which the manufactures and commerce of the country were enduring ;—secondly, what were the causes of those evils ;—and, thirdly, the measures by which the evils might, with the greatest probability, be removed. With respect to the first of these considerations, he apprehended there could be no difference of opinion whatever ; but that the nature and extent of the

distress, described in the report of the select committee, rendered it advisable that parliament should, if possible, adopt some measure by which that evil might at least be diminished. It appeared distinctly by the report, that the distress, originating with the merchant, and disabling him from paying the manufacturer, was felt most severely by the manufacturer and those employed by him. All the principal manufacturers had been compelled to contract, and some wholly to suspend, their works. It appeared by the report that there was scarcely a cotton manufacturer in the kingdom who had not diminished, by one half, the number of persons employed in his mills; and that many of the smaller manufacturers had discharged their people altogether. It appeared, also, that those who were retained by the first description of manufacturers were retained at a reduced rate of wages. The consequences must necessarily be, as they were represented to be in the report of the select committee, that the most calamitous distress prevailed throughout many of the manufacturing districts. The report also stated that the merchants who traded with the western world, not being able to find an adequate market for their produce, this circumstance aggravated the distress of the manufacturers; and the whole operating upon the other branches of trade, although not immediately connected with those to which he had referred, produced a general want of confidence, and suspension of credit, which required the prompt and effectual application of some adequate remedy."

The commercial distress of that period was not confined to the United Kingdom. It prevailed on the Continent of Europe, as may be observed by the foregoing extracts: and that the same description of distress applied to the commerce of the United States will appear from the following extract of a letter from New York, dated 11th of February, 1811, communicated to me by a friend, largely interested at that time, as well as at the present, in the trade with that country.

"Such times for money were never known, and all confidence among merchants is totally, and, indeed, very justly, destroyed. Since the middle of December we have had between sixty and seventy failures in this city, and many more are expected to fail in the course of this and the following month."

I am indebted to the same friend for the following extract of a letter from his Liverpool house, to a mercantile correspondent.

“ Liverpool, Nov. 22. 1810.

“ The effects of a vast import of colonial and American produce, far above the scale of our consumption at the most prosperous periods of our commerce, and attaining a magnitude hitherto unknown to us, have, in the present cramped state of our intercourse with the Continent, developed themselves in numerous bankruptcies, widely spreading in their influence, and unprecedented in extent of embarrassment. It is but fair, however, to ascribe a portion of these evils to the consequences of a sanguine indulgence of enterprise, in extensive shipments of our manufactures to South America, which so confidently followed the expedition to La Plata, and the removal of the government of Portugal to Brazil : they are further aided by the speculations which prevailed during the various stages of the American non-intercourse, and which, unfortunately, were not confined to the duration of the circumstances which excited them. In the struggle to support themselves, the speculators have had recourse to new and extensive engagements, in the face of probabilities and facts too incontrovertible to have been slighted, until the united action of the accumulating imports, and the want of an adequate vent, have overwhelmed them. The event only can enable us fully to appreciate the effects of this imprudence, which, more than any preceding defalcations, have involved the mercantile character of our country, and destroyed confidence in a degree that will require a long period of prosperous circumstances to retrieve.”

Great as was the fall of prices, and severe as was the commercial distress, which prevailed in the early part of 1811, these circumstances, calculated as they were to modify the practical application of the principles, for the most part correctly laid down, by the Bullion report of 1810, were not at all adverted to in that report, nor were suffered to occupy any prominent part in the discussions in the House of Commons, to which that report gave occasion, in May, 1811. Indeed, the Bullion Committee, in their report, and their supporters in the House of Commons, seem equally to have proceeded on the assumption that all commodities had risen ; and the inference held out was that they had risen in consequence of the increase of bank-notes, and in common with the rise in the price of gold. No evidence whatever had been taken

by the Bullion Committee respecting the prices of commodities ; and the only allusion to these is in the passage wherein it is said, “ the prices of all commodities have risen, and gold appears to have risen in price only in common with them. If this common effect is to be ascribed to one and the same cause, that cause can only be found in the state of the currency of this country.” This observation was made at a time when all commodities, provisions alone excepted, which were scarce, from the season, *were falling rapidly in price, and had been falling when gold was rising.* But at the time when the discussions in parliament took place, namely, in May 1811, even corn had fallen considerably in price, as we have seen ; and nearly all other commodities were at a ruinously low rate, compared with the cost of production, which had been so greatly increased by the extravagantly high freights and premiums of insurance to which the importations were then subject.*

* The following are specimens of the charges of importation, to which commodities that we stood most in need of were subject, between 1809 and 1812, compared with the charges of importation in 1837, and the reader will thence judge whether the high prices of those articles are attributable to war, as increasing the demand, or to war, as obstructing the supply.

The freight and premium of insurance † from the Baltic to London, on the average of the seasons, were as follows : —

			1809-12.		1837.	
			£	s. d.	£	s. d.
On Hemp	-	per ton	30	0 0	2	10 0
Tallow	-	—	20	0 0	1	10 0
Wheat	-	per quarter	2	10 0	0	4 6
Timber	-	per load	10	0 0	1	0 0.

The charges of importation in those two years on all other commodities from the Baltic were in the same proportion.

† In 1809 there were instances when 30*l.* per ton was paid for the *freight alone* of hemp ; and the insurance varied from 20 to 40 per cent. ; making these two items of charge amount to between 40*l.* and 50*l.* per ton on hemp, and in a similar proportion on other articles of importation from the Baltic. But 1

The strange misconception under which Mr. Horner laboured, as to the facts of the case in regard to corn,

The expenses attending the importation of silk, which was brought by a circuitous route * from Italy, through the north of Europe, were enormous. Some came likewise through France ; and the charges of conveyance from Italy to Havre and duty of transit, amounted to nearly 100*l.* per bale of 240*lb.*, net weight, exclusive of freight and insurance from Havre hither. The whole expense of freight and insurance from Italy does not at present amount to more than 6*l.* per bale.

But, while the cost of articles imported from the Continent of Europe was thus enhanced by the difficulty of communication, the same cause raised the price of colonial produce, and of some kinds of British manufactures, to a still greater proportionate height on the Continent, inasmuch as the vigilance and severity of the decrees of the enemy were exercised more directly against imports from, than against exports to, this country. One or two instances may serve to show the degree in which these obstructions were calculated to raise the prices of such commodities abroad.

The charges of freight and French license, on a vessel of little more than 100 tons burden, have been known to amount to 50,000*l.* for the voyage merely from Calais to London and back : this made the proportion of freight on indigo amount to 4*s.* 6*d.* per pound : the freight at present is about 1*d.* per pound !

A ship, of which the whole cost and outfit did not amount to 4000*l.*, earned a gross freight of 80,000*l.* on a voyage from Bourdeaux to London and back.

Among the means devised by the ingenuity and enterprise of adventurers to elude or overcome the obstacles presented by the decrees of the enemy, one in particular, which was resorted to on an extensive scale, deserves mention, as illustrating, in a striking manner, the degree in which those obstacles were calculated to increase the cost to the consumer. Several vessels laden with sugar, coffee, tobacco, cotton-twist, and other valuable commodities, were despatched † from hence at very high rates

have rather taken the medium rate which prevailed through the season. There was no very material reduction in those charges till 1813.

* On one occasion, two parcels of silk were despatched from Bergamo to this country at the same time, *one by the way of Smyrna and the other by the way of Archangel* : the former was a twelvemonth and the latter two years, on its passage.

† The refined sugar was packed here in small boxes, made at a considerable additional expense, for the express purpose, to

has already been noticed; and Mr. Henry Thornton, following on the same side, seems to have been under an equally erroneous impression as to facts relating to commodities generally; for, in the debate of the 6th May, 1811, he is reported to have said,

“It was material to observe, that there had, since the beginning of the war, been a continual fall in the value of money; he meant of money commonly so called, whether consisting of cash or paper. This had by some been estimated at 60 or 70 per cent., and certainly was not less than 40 or 50 per cent.; which was, on the average, 2 or 3 per cent. per annum: it followed from hence, that if, for example, a man borrowed of the Bank 1000*l.* in 1800, and paid it back in 1810, having detained it, by means of successive loans, through that period, he paid back that which had become worth less by 20 or 30 per cent. than it was worth when he first received it. He would have paid an interest of 50*l.* per annum for the use of this money; but, if from this interest were deducted the 20*l.* or 30*l.* per annum

of freight and insurance to Salonica, where the goods were landed, and thence conveyed on horses and mules through Servia and Hungary to Vienna, for the purpose of being distributed over Germany, and, possibly, into France. Thus it might happen, that the inhabitants of that part of the Continent of Europe most contiguous to this country could not receive their supplies from hence, without an expense of conveyance equivalent to what it would be if they were removed to a distance of a sea-voyage twice round the globe, but not subject to fiscal and political obstructions. It is not to be wondered at that the articles subject to such expenses should be sold at enormously high prices, viz., 5*s.* and 6*s.* per lb. for sugar, 7*s.* per lb. for coffee, 18*s.* for indigo, and 7*s.* and 8*s.* for cotton; for these prices were the condition requisite to overcome the obstacles to supply.

With just as much reason might the high prices on the Continent, of articles subject to such obstructions, be resorted to in proof of the effects of war-demand, or of the state of their currency, as the high prices in this country, of timber, hemp, flax, silk, &c., and of the manufactured articles into the composition of which these raw materials entered, be considered to prove the extra-demand and consumption arising out of the war, or to indicate the depreciation of paper beyond the difference between the market price and the mint price of gold.

contain not more than about 2 cwt. each, so as to admit of being slung one on each side of a horse or mule for conveyance overland.

which he had gained by the fall in the value of the money, he would find that he had borrowed at 2 or 3 per cent., and not at 5 per cent. as he appeared to do. By investing his money either in land or in successive commercial undertakings, in the year 1800, and then finally selling his land or his commodities in the year 1810, he would find the produce amount to 200*l.* or 300*l.* above the 1000*l.* which he had borrowed; which 200*l.* or 300*l.*, being deducted from the 500*l.* interest which he had paid, would make the neat sum paid by him to be only 200*l.* or 300*l.*" *

It is clear that the meaning of the speaker is that the rise of prices here supposed was caused by the Bank restriction; and the date assigned to the first operation of this cause is the year 1800, being that in which there first occurred any difference between paper and gold. Viewing it in this light, the hypothetical case here put involves a total misconception of the state of facts; for there were very few commodities in which, if 1000*l.* had been laid out in 1800, a loss would not have been sustained of 20 and 30 per cent. and upwards, in addition to the interest upon finally selling the commodities in 1810. The money, indeed, if laid out in land, or in houses, or in shipping, in 1800, would have produced a profit upon selling in 1810 and 1811. But this exception is easily accounted for. The frequent recurrence of deficient harvests, when, by the obstacles to importation, the rise of the prices of agricultural produce was in a greatly increased ratio to the deficiency, had given a character of permanence to the range of high prices, which enabled the landlords to obtain increased rents upon every termination of a lease. In several instances the

* I have been induced to notice and comment upon this opinion of Mr. Henry Thornton, not only because of his deservedly high authority on the subject of the currency, but because the particular opinion here quoted was referred to by Lord Ashburton, in his evidence before the Agricultural Committee of the House of Commons in 1836, as confirmatory of his belief that the depreciation of the currency at that time was greatly beyond the difference between paper and gold.

rents were raised to treble of what they had been in 1792, and speculations in purchases of land were almost certain to render a profit. In the case of houses, the increasing taxes upon building-materials, and the great rise in the price of timber, in consequence, not only of the heavy duty, but of the high freight and charges on importation, when combined with an increasing population, operated as a premium on all existing buildings, and necessarily caused a great rise in that description of property. And as to shipping, there was not only the increased and increasing cost of the materials, which raised the building price, but the employment was extended by the demands for the transport service, which required tonnage on a greatly enlarged scale for the war in the Peninsula. These descriptions of property were doubtless higher in 1810 than in 1800; and the price of labour having been slowly but progressively advanced, in consequence of the frequent recurrence of periods of dearth, the increased wages had acquired the character of permanence. But with these exceptions, which, so explained, afford no ground for ascribing their comparatively high price to depreciation of money, nearly all other objects of exchange were *lower in price in 1810 and 1811 than in 1800; in few instances less than 20 per cent., and, in some instances, upwards of 50 per cent., as measured in paper, while gold had risen 25 per cent.* It may be matter of surprise that Mr. Henry Thornton, who, in his excellent work on paper credit, in 1802, had so well exposed the hasty conclusions of Mr. Boyd, as to the influence of the bank issues in causing the high prices of corn in 1799 and 1800, should, in 1811, have laboured under such a misconception of the actual state of markets as to be led into an error so similar to that which he had some time before animadverted upon. The fact is, that Mr. Thornton, who was profoundly and accurately

acquainted with the principles and details of banking, had not necessarily, from his occupation as a banker, any knowledge of markets ; and nothing can more strongly prove how little aware he was of the actual state of them, and of the fluctuations to which they had been subject, or of the causes of those fluctuations, than the passage here quoted from his speech. His exposition, at the same time, of the general principles of currency was full and clear, and, indeed, the best that had then been given ; and his exposure of the inconsistencies and fallacies involved in the maxims avowed by the Bank directors, and supported by the government, was unanswered and unanswerable.

Mr. Vansittart, in his speech on the same occasion, presents a curious and somewhat amusing contrast. While his arguments in support of the views of the government, and of the doctrine of the Bank directors, and of the proposition embodied in his unfortunate resolution, form a model of ingeniously perplexed, and elaborately unintelligible, general reasoning, his statements of facts indicate extensive and accurate information as to the nature and extent of the disturbing causes which were operating upon the exchanges and upon prices, and which accounted for them independently of any supposed influence upon them by the state of the circulation.

“ The general scale of prices, he observed, had been progressively but slowly advancing for many years previous to the Bank restriction, and does not appear to have been affected by that event. But the scarcity in 1800 and 1801 produced a great and permanent effect, particularly on the price of labour ; and it has been so far from being remarkable in the two last years, that though the price of provisions has been high, from causes sufficiently notorious, that of most articles of merchandize is considerably reduced. The last period of three or four years is, indeed, remarkable for great and sudden fluctuations of the prices of merchandize, corresponding with the extraordinary and violent changes which have taken place in commercial policy ; but the present state of prices is so far from justifying the opi-

nion of a currency depreciated from its excess, that it would rather lead to a contrary inference, if it were not easy to be accounted for by obvious causes."

In a subsequent speech, on the 13th May, 1811, Mr. Vansittart pointed out how, in some instances, taxation perpetuated prices which, in their origin, and temporarily, had been those of dearth.

"But the principal reason," he said, "which produced that remarkable increase of prices, which has subsisted from that time without any extraordinary variation, was the great additional mass of taxes imposed, while the effects of the scarcity were passing away, and prices returning to their former level. It may serve by way of illustration to mention a particular instance. The price of beer had, among other articles, been considerably advanced during the scarcity. In the spring of 1802, the price of malt having fallen that of beer was reduced; but a tax was soon after imposed by parliament to the exact amount of the reduction. The price was, accordingly, raised again, and remained the same to the consumer as during the scarcity."

Lord Castlereagh, who equally failed in rendering his general principles intelligible, observed, however, justly enough, "that, if the Bullion Committee could have traced any advance of price in the leading articles of consumption, which could be fairly shown to connect itself with the alleged excess of notes, they would have annexed to their report tables of the prices current during the period which has elapsed since the restriction bill took place. So far from prices having advanced in the two or three last years, since exchanges became unfavourable, and bank-notes are assumed to be depreciated, he believed the fact to be the reverse."

And in the House of Lords, in the course of the debates on that most anomalous measure, lord Stanhope's gold coin bill, lord Bathurst, in his reply to lord King, asked, "Was there a general advance in the price of commodities? Let the noble lord compare the current prices at present with those in 1808, and he would find that a large proportion of commodities, and those by no means

inconsiderable commodities, had fallen in price. He would find that iron and wool, unfortunately for the noble lord adduced as instances of a rise in price, tallow, cotton, and a great number of other commodities, had experienced a great fall. When there was a depreciation in the currency, there would be a general advance in the price of commodities ; but, if there was a general advance, it did not follow that there was depreciation.”

In neither of the two houses, however, did the principal speakers on the side of the Bullion Committee seem to think it incumbent upon them to explain this anomaly of prices according to their doctrine. They were intent only on exposing the outrageous absurdity and inconsistency of the proposition involved in Mr. Vansittart's third resolution.* In that object they so far succeeded, that, although the resolution was carried by a large majority of the House of Commons, the public has assented to the general principles for which the Committee and its supporters contended.

SECTION 3. — *Revival of Credit, and improved Prospects of Trade, in the Summer of 1811.*

The suffering state of commerce, which has been described as the consequence of the great fall of prices in 1809 and 1810, and of the disastrous result of the speculative exports, did not continue, however, in the same degree of intensity beyond the spring of 1811, when it seems to have reached its height.

At that time, as we have seen, it attracted the notice and interference of Parliament. An act

* Mr. Vansittart had said, “ I wish the house to *pledge itself to the belief* that bank-notes still are, as they have always been, equivalent to legal coin, for the internal purposes of the country, the only purposes to which they ever have been applicable.”

was passed, in April, 1811, granting a sum, not exceeding six millions of Exchequer bills, to be advanced by commissioners to the distressed merchants and manufacturers, by way of loan on adequate security. This measure, in consequence of which, however, not more than two millions were eventually advanced, was then, as it probably is still, supposed to have arrested the tendency to depression, and to have contributed to the subsequent revival of trade. In that opinion I did not and do not participate. If the causes of abundance of commodities at home, and our exclusion from foreign ports, had continued, there would have been no ground for a rise of prices: and, if prices had not risen, the parties who borrowed the Exchequer bills would have been injured instead of benefited by the facility of holding their goods so much longer; as they would thereby have incurred loss of interest, warehouse-rent, and other expenses, and must at last have submitted to the same, if not to lower, prices than they might originally have obtained. But whether the measure was or was not calculated to do the good intended, there is reason to believe that it did not come into operation at all till circumstances had occurred favourable to a revival of the activity of trade, and, consequently, to a removal of the causes of the then existing distress.

Those circumstances were, the complete expulsion of the French from Portugal, and the progress of the British army in Spain, which opened nearly the whole Peninsula to a commercial intercourse with this country. The glut of our exports to South America and the West Indies had been carried off by low prices, and a brisk demand had succeeded. The intention of Russia to resist the French was becoming manifest; and an anticipation was confidently entertained of a relaxation of the prohibitions against imports into the Russian ports.

The progress of improvement is described in the following extracts from the periodical work which I have before quoted : —

Monthly Commercial Report, 1st June, 1811.

“ The expulsion of the French out of Portugal has once more opened a trade with that country, and, in consequence of it, vast quantities of goods of the manufacture of Great Britain are now shipping for Lisbon and Oporto ; among which the manufactures of Manchester, &c., will not be the least in quantity. Linens, calicos, and woollen cloths are in great demand in Portugal.

“ South America. — In our last we stated the trade of this country to be rather brisk, and have the pleasure now to say that every mail from the Brazils confirms it.”

1st July, 1811.

“ Since our last report, the manufactories have revived in a great degree, chiefly owing to large orders for all kinds of woollen, linen, and cotton goods having arrived here for the markets of Portugal and of South America. The goods of Birmingham and Sheffield are also in great demand at these markets. Credit and confidence, we are happy to say, revive, and the towns of Manchester, Nottingham, &c. feel vast benefit from the happy change that has taken place.

“ The West India Islands are now in want of all kinds of British manufactured goods, as the stock in hand in these islands has been purchased up with avidity for the Spanish settlements. Irish linen, sheeting, &c., render a full profit of twenty per cent. more than the usual profit attached to such speculations.”

This improvement, however, as it so immediately succeeded to a period of great distress, was not yet marked by such eagerness of speculative shipment as had distinguished 1808 and 1809.

While our export trade was slowly recovering, there appeared, towards the autumn of that year, a more marked tendency to a general advance in the prices of agricultural produce, and of imported raw materials.

SECTION 4. — *Rise of the Prices of Agricultural Produce, and high Range of them, between the Harvest of 1811 and the Harvest of 1813.*

The scanty crops of corn of 1810 had been eked out by the aid of the large foreign supply, at rather declining prices, till the approach of the harvest of 1811, when, in consequence of the bareness of the stock on hand, and the unfavourable appearance of the crops, combined with unsettled weather, prices began to rise in August, and thenceforward advanced steadily and considerably till the eve of the following harvest, when, as will be seen, they attained their greatest height.

As it was the deficiency of the crops of the harvest of 1811 which, with little stock remaining from the preceding year, and without the means of obtaining a foreign supply, occasioned the high prices of 1812, and as those high prices form the standard a decline from which has been ascribed to the operation of Peel's bill, it is necessary to notice in some detail the circumstances connected with it. The more especially because the fact itself of any deficiency at all, as resulting from that year's crops, appears not to have been contemplated, or, at any rate, has not been admitted, or even adverted to, by the supporters of the several theories of depreciation or of war-demand. The further presumptive proofs of the negative of those theories will be pointed out hereafter. In the mean time, the following extracts from contemporaneous publications must be considered as forming a mass of the best evidence, of which the nature of the subject is susceptible, of the deficiency of the crops of corn in this country. A deficiency quite sufficient, when considered with its attendant circumstances, to account for the high prices which have been so gratuitously ascribed to the currency or to

war-demand. The following is an account of it, from one of the circular monthly reports of that period (Oct. 1811).

“ The state of the wheat crops seems now to be ascertained with probable accuracy throughout the island, as somewhat below an average quantity, and far inferior to that of last year in point of quality. Reckoning both quantity and quality, persons of the most general information decide upon a deficiency of a full third. There will be a considerable quantity of black wheat, and in many parts of the north the barley is *strongly* smutted.”

This estimate was fully confirmed; for, in another monthly report, in December, 1811, it is said,

“ The former statements respecting the defects of the crops of wheat, both in quantity and quality, are fully and unfortunately confirmed. The autumnal price of wheat, is indeed, at an enormous height, although the farmers have been universally liberal in supplying the markets, considering the season; and, as there are various impediments to foreign supplies in times like the present, the real state of things cannot be too widely promulgated, with a view to timely economy in expenditure.”

A corroboration of the general estimate of the defective state of the crops of that year will be found in the following extract from the Farmer's Magazine, more minutely descriptive of the deficiency:—

“ December, 1811. — The wheat crop is less or more a defective one in every district, but more so in some districts than in others. According to our accounts it can rarely be estimated above five eighths of an average crop, though, what is surprising, the quality of the grain is generally good, a circumstance which seldom happens when the crop is a failing one. Indeed, as the failure this season was not, in many instances, occasioned by mildew (at least in Scotland), the grain that was in the ear arrived at complete maturity, without being stinted of nourishment. The deficiency evidently proceeded from wetness in May — from cold frosty nights in June — from boisterous winds when the plant was under the blossom process — and from want of sun and heat when the grain was formed in the ear of the plant. Wheat is a grain always comparatively unproductive in a cold season such, as the last one, and the same remark is applicable to barley, the crop of which, generally speaking, is below an average. Oats, and peas, and beans, may, however, be considered as fair crops, though, according to our accounts,

many of these grains, upon thin soils, suffered so much from the wetness in May and June as not to prosper afterwards.

“ From all these circumstances a rise of corn markets was the necessary consequence, though at this time it would be rather rash to speculate or prognosticate upon their state at a more advanced period of the season, when prices may be supposed to have gained their proper level. The present rate of markets will be seen from the accounts which follow. Hitherto there has been little or no importation from foreign countries, and it is understood that the crops upon the Continent are scantier this season than usual.”

And the following copy of a petition from Liverpool will place beyond a doubt the fact of the general impression of the great deficiency of the crop of 1811.

“ At a public meeting of the inhabitants of Liverpool, held on the 4th of November, 1811, John Bourne, Esq. Mayor, in the chair, it was unanimously resolved, upon the motion of John Gladstone, Esq., seconded by Thomas Rodie, Esq., that a petition should be presented to the Prince Regent, praying that he would suspend the further distillation of spirits from grain until the meeting of Parliament.

“ THE HUMBLE PETITION, &c. &c.

“ Showeth,

“ That your petitioners being deeply interested in the welfare of this populous town, and this great manufacturing county, cannot but view with great anxiety the progressive and alarming advance in the prices of corn, in connection with the fact now ascertained, that the produce of the late harvest is very deficient, and that the weather for gathering it in, in the northern parts of Great Britain, and for preparing the wheat lands generally for the next crops, has been extremely unfavourable.

“ That your petitioners are well informed the potato crop in Ireland has so materially failed, that this important necessary of life now sells in the Dublin market at the excessive price of 6s. per cwt., from which circumstance your petitioners apprehend that the usual supplies of corn from Ireland, upon which the numerous population of this town and the county of Lancaster are known in a great degree to depend for subsistence, are likely to be much curtailed.

“ That, in times like the present, when no dependence can be placed on receiving supplies of foreign corn, it becomes of the first importance to husband to the utmost the crops of this country.

“ That the average weekly prices of corn in England and Wales, according to the returns received in the week ending the

26th of October, as published in the London Gazette of the 2d of November, are as follows : —

	s.	d.
Wheat	101	6 per quarter.
Barley	47	4
Oats	29	10

Which equal, and, in several instances, exceed the prices at the different periods when the legislature, in their wisdom, thought fit to interpose to prevent the distillation of spirits from grain (the year of extraordinary scarcity only excepted), as will appear from the following comparative statement taken from the official returns.

“ Average price of wheat, barley, and oats, in England and Wales, according to the weekly returns nearest to the following periods.

Nearest Weekly Returns.

Date.	Distillation.	Wheat.		Barley.		Oats.	
		s.	d.	s.	d.	s.	d.
1795	Prohibited.	93	10	46	0	29	2
1797	Removed.	52	3	28	4	15	10
1800	Prohibition.	133	0	76	7	41	8
1802	Removed.	76	9	44	1	23	4
1808	Prohibition.	81	6	44	3	38	10
1808	Continued.	92	7	45	10	33	8
1809	Prohibition.	95	7	46	6	34	4
1809	Prohibition.	101	9	50	7	31	11
1810	Prohibition.	101	7	46	5	27	5
1811	The last return.	101	6	47	4	29	10

“ That on these grounds your petitioners humbly conceive there exists an urgent necessity for the interposition of the royal prerogative before the meeting of Parliament, more especially as, should the measure be deferred till that period, the distillers will have laid in their stocks of grain for the season, a large proportion of which will either be distilled or converted into a state unfitting it for the food of man.”

In the spring of 1812, the general impression was, that the stock in hand was very defective. The following is an extract from a printed report, dated in May, 1812 : —

“ The stock of wheat on hand in the most productive eastern counties, is alarmingly deficient according to the best accounts that can be obtained.”

Whether that impression, which was very general, had been well or ill founded, it was equally calculated to affect prices. This deficiency, real or supposed, of the stock of grain in the country, and the absence of any prospect of effectual relief by importation, became more alarming as the summer advanced, in consequence of apprehensions which were entertained of the result of the approaching harvest.

The whole of July, and part of August, 1812, proved cold and wet, and the harvest commenced under very unfavourable appearances. From a combination of these circumstances, there was a great excitement and spirit of speculation among all persons in the corn trade; and as the range of high prices (with an interval of depression between the harvests of 1810 and 1811, so short as not to have been felt at all by the landlord, and very little by the farmer,) had been of an unusually long continuance, it was hastily concluded, as it unfortunately but too often is upon such occasions, that the causes of that high range were permanent. This accordingly was the period in which rents experienced their greatest rise, and speculations in land became most general. And there is reason to believe that, under these circumstances, the country circulation must have recovered from its shock of 1810, and have acquired a renewed extension.

In August, 1812, the average prices were, for England and Wales, per Gazette average—

	<i>s.</i>	<i>d.</i>
Wheat,	155	0
Barley,	79	10
Oats,	56	2

In Mark Lane, the finest Danzig Wheat fetched 180*s.*, and Oats, in one or two instances, were sold at the enormous price of 84*s.*

The corn markets have on no occasion since attained the same elevation.

Meat in Smithfield reached the following quotations : —

	<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>
Beef,	5	2	to	6	2
Mutton,	5	2	—	6	4
Veal,	5	6	—	7	6
Pork,	5	4	—	6	10

The weather during the harvest of 1812 was unsettled, but not so decidedly wet as materially to injure the crops. There were conflicting opinions as to the yield. The following are extracts from some of the reports of the time ; making all due allowance, the crops of grain generally, and of potatoes in that year, appear to have been under an average.

Farmer's Magazine, August, 1812.

“ There has seldom, or perhaps never, been a period when the new crop was a subject of greater and more general interest than the present ; and it was our particular wish to obtain the best and fullest information of its appearance. We feel very grateful to our correspondents who have enabled us to present reports of it, and of the condition of the industrious poor for the last quarter ; and their communications will certainly be perused with that attention which their peculiar importance must command.

“ Though appearances are different, as might be expected, from the diversity of soil and culture, the general character of the ensuing crop, as far as an opinion can be formed of it at this period of the season, must be represented, we fear, as rather unfavourable. The impression, after a very careful examination of the reports, is, that unless we have two months at least of singularly warm, clear, and dry weather, the grain crops will not reach an average ; that common oats, particularly in many situations, and peas and beans generally, must be very late indeed. From recent and afflicting experience of partial failure in the crops of wheat, it is not a matter of surprise if a few of the intelligent writers are a little alarmed at the indications of disease which that crop already exhibits in some districts, and which there was but too much reason to expect from the late cold, humid, and ungenial state of the atmosphere.”

Agricultural Report. Monthly Magazine.

“ Wheat harvest has been protracted and extremely tedious

in the distant counties; the farmers being obliged to wait an unusual length of time for the grain to ripen, which, in the interval, has taken considerable damage from wet. This unfavourable circumstance will add to the stock of unsound and light corn. The last year's stock is literally exhausted in all quarters, and markets in consequence have continued to rise for several weeks. The early speculators, who hurried their wheat to market, to the great deterioration of its quality, have failed generally in their object, as the subsequent rise in prices has proved. The favourable opinion of the potato crop has not been realised; they yield but indifferently; probably in the proportion of a defect of one fourth of the variable quantity of last year. In the mean time, certain ill informed newspapers teem with the usual deplorable nonsense about monopoly, forestalling, and hoarding farmers and dealers!"—*Middlesex, October 27. 1812.*

There was still no prospect of a foreign supply, for, high as the price here was, it was insufficient to cover the great expenses of importation, added to a relatively high price at the shipping ports.

The deficiency of our own crops in 1811 and 1812 does not appear to have been so great as it had been in 1794 and 1795; or, again in 1799 and 1800. It is clear, therefore, that the prices of 1811 and 1812 would not have been so high if there had not been a virtual exclusion of foreign supply, which rendered it necessary to eke out our own produce by economy; and this could only be effected through the medium of a relatively high range of prices.

It must be obvious that, the effect of a succession of crops, such as have been described, more or less deficient, in raising prices so much beyond the degree of defect, must have been to afford a great amount of gain to be distributed among the agricultural classes. Independently of the encouragement arising from these profits, continued through so great a length of time, there was now a confidence, which had not before existed, in the prospect of the continuance of them. The average produce of five seasons was supposed to represent what would be the utmost that any five succeeding seasons were likely to yield; and as there was not,

till the close of 1812, any appearance of a relaxation of the continental system of exclusion directed against the trade of this country, a continued absence of foreign competition was fully anticipated.

Under these circumstances, rents, upon the expiration of leases, were advanced in full proportion to the high range of the prices of produce; and, in several instances, they were raised threefold or upwards of what they had been in 1792. Every purchase of land previous to 1811, whether made with or without judgment, turned out favourably according to the then market rates, and it was supposed, in consequence, that money could in no way be so profitably employed as in buying land. Speculations, therefore, in land, or, as it is termed, land-jobbing, became general, and credit came in aid of capital for that purpose. A striking, but not, I believe, a singular instance of that description of speculation, was exhibited in the case of a petition presented to parliament some years after, representing that the petitioner had, in the years 1811 and 1812, laid out 150,000*l.* partly his own and partly borrowed, in the purchase of land, which had since fallen so much in value, that he was ruined by the loss; praying, therefore, to be relieved, by what it has been the fashion to term an equitable adjustment of contracts, but which means, in reality, an indemnification for bad speculations.

The extension of tillage, and the application of fresh capital to land already in cultivation, proceeded in full proportion to the great gains derived from the produce at such high prices. The number of inclosure bills was —

In 1805*	-	71	1809	-	122
1806	-	76	1810	-	107
1807	-	91	1811	-	133
1808	-	92	1812	-	119

* The number in the ten years preceding 1805 has already been given at p. 257.

It is not easy to imagine, that any person, not biassed by a preconceived theory, who will have been at the trouble of going through the evidence which has been here adduced, can resist the conclusion, that the produce of the seasons from 1808 to 1812, both years included, was more or less deficient. And seeing, according to that evidence, that of the five seasons embraced in that interval, the first was partially deficient, and the four following decidedly so; seeing, moreover, that relief by importation was attainable only in two of them, viz. 1809 and 1810, and then only on the condition of being subject to expenses of licence from our own and from the foreign hostile governments, and of freight and insurance amounting collectively to, at least, 30s., and in many instances to 50s. the quarter on wheat; while in 1811 and 1812*, hardly any foreign supply at all could be obtained, there

* The only instance that I have met with in the evidence, appended to the several parliamentary agricultural reports, of any witness who appears to have had a distinct recollection of the state of things connected with the corn markets at this period, is Mr. Joseph Sandars of Liverpool. In his evidence before the committee of 1833, he observed, page 218:—

“ I have never known any but one year, in which there was any prospect whatever of famine, of the people not being able to get sufficient, and that was in the year 1812, resulting from the crop of 1811, when we were shut out from the rest of the world; wheat gradually advanced from 10s. a bushel, to 24s. or 25s. That year we were on the very verge of famine, and I can give a remarkable proof of it; in ten days after the crop of oats had begun to be cut in Lancashire, the price of oatmeal, notwithstanding it was at three times its present price, that is, at 3*l.* a load; notwithstanding the crop was within the reach of consumption, in one week it advanced 1*l.* from absolute scarcity. That year, I recollect, at the termination of it, we never showed a sample of corn at all; it was always bespoken.”

And yet it is with reference to this period of severe dearth, that it has been said by one of the principal authorities for the doctrine of depreciation, “ Those were not the prices of dear corn, but of cheap money; not of scarcity, but abundance.”
Letter to Lord Archibald Hamilton.

being an equal dearth on the Continent of Europe, and especially in France, the wonder is rather, not that prices were so high, but that they were not higher. Of this, at least, I feel persuaded, that were a succession of five such seasons to occur again, *subject to an equal difficulty and expense of obtaining a foreign supply*, or to a duty on importation equivalent to the difference of freight and insurance at that time compared with the present, and if, moreover, an alarm were superadded, by the prospect of not getting any aid at all by importation, we should witness, a range of prices, *at least*, as high as then prevailed.

SECTION 5. — *On Wages and Salaries as connected with the Prices of Necessaries.*

It may be, as indeed it has been, observed as a ground for questioning, whether there was a scarcity in these seasons justifying the high prices, that although the prices of corn were as high as they had been in 1795, and 1796, and in 1800, and 1801, there was nothing like the same importance attached to them. No committees of parliament to inquire into the causes of the deficiency and to suggest remedies. * The answer is that the

* In the Letter to Lord Archibald Hamilton before referred to, the writer, after adverting to the years 1795 and 1800, and admitting them to have been years of real scarcity, goes on to say, page 29., "shortly afterwards ensued years not of scarcity but abundance; years of increasing revenue, and increasing prosperity among the poor; whilst they paid year after year prices for wheat of 87s. 9d., 95s. 7d., 106s. 2d., 94s. 6d., 125s. 5d., and 108s. 9d., which last five prices quoted are the average prices of five successive years, ending with 1813. No committees sat in these years to consider of the high price of corn, and of distress arising therefrom." It is hardly possible to imagine a more egregious misapprehension of facts, than is contained in the above passage. Upon the perversion of years of scarcity into years of abundance I have already remarked. With regard to the assertion of an increasing revenue, the fact,

high prices of 1795, and 1796, and of 1800, and 1801, came abruptly, combining dearth from failure of produce with the effects of heavy taxation, which fell directly or indirectly on consumable commodities, while wages and salaries had been adjusted to the scale of prices resulting from a state of peace and plenty. It has already been observed, in treating of those earlier periods of dearth, that they presented the alternative of the actual starvation of considerable numbers of the working population, or of a rise of wages, whether permanent, or temporary and variable. A great rise of wages, but still far short of the rise in the price of necessaries did take place, partly permanent, and partly temporary and variable, including under the latter description parish allowances and individual contributions. And not only did a rise of wages take place on the occasion of those memorable scarcities, but there was a further rise when, after a short intermediate subsidence of the price of provisions, between 1801 and 1808, a recurrence of defective crops and increasing taxation, and consequent high prices of food and other necessaries, gave occasion to further claims for advance of wages: in most occupations these had reached their maximum before 1812.

The wages of agricultural labourers and artisans had been doubled, or nearly so. Salaries from the lowest clerks up to the highest functionaries, as well as professional fees, had been considerably raised on the plea of the greatly increased expenses of living; the expense of living having been increased, not only by the increased price of neces-

on the contrary, is, that the produce of the permanent taxes fell off in each of the years 1811 and 1812. And it is well known that this circumstance, indicating an approach to the limits of the power of further taxation, induced the resort in 1813 to an appropriation of the nominal sinking fund for the interest on the further loans.

saries, but by a higher scale of general expenditure, or style of living, incidental to the progress of wealth and civilisation. Thus, upon the recurrence of the seasons of dearth between 1808 and 1812, there was more of an adjustment, although still inadequate, of the pecuniary means of a large part of the different classes, which prevented so great a degree of the pressure of distress as had been observable in the previous scarcity.

But while the wages of agricultural labourers and of artisans had been raised in a considerable, although still inadequate proportion to the increased price of necessities, this was not the case, or only partially so, as regarded the wages of the working people in manufactories. Considerable numbers of these had no advance of wages; or if they had, the advance was more than compensated by reduced hours of work. In the branches of trade which were affected by the state of stagnation and discredit in 1810 and 1811, and in those which depended upon a demand for export, many workmen were thrown wholly out of employ. The distress accordingly among these classes was very severe, and was the cause of considerable disturbances in the manufacturing districts.*

* The Prince Regent, in a message to the House of Commons, in June 1812, referred to the violent and dangerous proceedings carried on in several counties of England. In further proof of the distressed state of the working classes at that time, it may be observed, that the poor rates, which in 1803, a period of low prices and agricultural distress, had amounted to 5,348,204*l.*, rose in 1812 and 1813 to 8,640,842*l.* And it was stated in the House of Commons (Parliamentary Debates, vol. xxi. p. 1004.), that a committee, appointed at Liverpool, to examine into the condition of the poor, reported that, there had been in one month, namely, January, 1812, an increase of numbers from 8000 to 15,350.

Never was there a greater delusion than that which prevails under the influence of the currency theory, representing this period as one of great and increasing prosperity. It was indeed a period of agricultural prosperity, but of great privation and suffering to the bulk of the community.

SECTION 6.— *Advance of Prices on the Continent of Europe in 1811 and 1812.*

It may be objected by persons who may still profess to be sceptical, as to the fact of scarcity, in explaining the advance of prices of provisions and of labour in the period referred to, that these prices were purely artificial ; and were the result, according to the theory of one set of reasoners, of the alteration of the system of our currency, and according to another, of the influence of war-demand, arising out of our large expenditure defrayed by loans. Upon either hypothesis the rise of prices and of wages is supposed to be from a cause operating locally, either by an increase of paper money, or by the large loans raised, in this country.

It so happens, however, that a similar rise of the prices of provisions and of other necessities, and of labour, took place in 1811 and 1812 on the Continent of Europe generally as well as in this country, during the period referred to, with only an allowance for the difference of the ordinary level of their prices, compared with ours.

It has before been observed, that some similarity of seasons, in point of marked preponderance of drought or wetness, and of inclemency or propitiousness, and consequent productiveness or otherwise, has been found to apply generally to parts of the Continent of Europe, but more especially to the principal parts of France and Germany. This observation, however, is subject to considerable exceptions ; for instance, the seasons of 1808 and 1809 appear to have been more productive on the Continent of Europe, and in France especially, than in this country ; the prices there were consequently low, and induced the large exports to this country, notwithstanding the enormous expenses of freight, insurance, and licences . 1809

and 1810. But 1810, 1811, and 1812, on the Continent of Europe, participated of the character of the seasons in this country, and the rise of prices there was fully *in the same proportion* as took place here in those years. That the scarcity in France, consequent upon the unproductiveness of those seasons, was great and real, admits of being proved by irrefragable evidence. The fact is alluded to by all the writers of authority on the subject of the corn trade and of the corn laws of that country, and is described as entailing a state bordering on famine. Mons. J. B. Say, the justly celebrated writer on political economy *, so characterises those seasons, and gives the following quotations, as those of the important market of Roye in Picardy, for the measure equal to fifty-two litres two centimes:—

			liv.	so.	der.
1808	-	-	5	18	0
1809	-	-	6	16	3
1810	-	-	9	4	3
1811	-	-	16	5	6
1812	-	-	13	9	9

The average prices in all France were :—

		Per Hectol.		Per Winchester qr	
		fr.	cnt.	s.	d.
1809	-	14	90	38	0½
1810	-	19	63	49	7¼
1811	-	26	17	67	1½
1812	-	34	33	87	11¼

Returns from Consuls abroad, 7th December, 1826.

But these averages give no adequate idea of the extent of the real rise of prices in an extensive portion of that country, as independently

* In a letter addressed to Mr. James, which appeared in the *Morning Chronicle* on the 21st of August, 1822.

of the imperfect mode in which they are taken, having reference only to the prices, and not to the quantities in the districts making the returns; and their embracing districts which might casually have been better provided, but could not by reason of the intercourse by sea between their distant maritime provinces being intercepted by our fleets, equalise their produce with those most deficient; the government made great sacrifices of money to keep down prices, by importing from abroad and selling at prices below the cost. From the consular returns of prices in some of the departments in France the rise appears to have been greater; thus, at Nantes, the quotations were, in

		fr.	cent.	
1809	-	12	4	per hectol.
1812	-	37	72	
And at Bourdeaux		14	85	in 1809,
		38	65	in 1812.*

In an elaborate work on the corn trade and corn laws in France, published at Paris by P. Laboulinière, entitled “De la Disette et de la Surabondance,” vol. ii. p. 417., is the following passage: referring to the year 1812, he says—

* “In Germany and in Italy, Spain and Portugal, nearly a corresponding rise of prices occurred. The following are among other numerous instances of the great rise of the prices of wheat:—

	1808-9.	1811-12.
Louvain	34s. 7d.	to 68s. 8d.
Rotterdam	44s. 4d.	— 81s. 9d.
Christiania	24s. 5d.	— 73s. 6d.
Alicante	61s. 8d.	— 141s. 10d.
Bilboa	53s. 0d.	— 98s. 6d.
Lisbon	96s. 3d.	— 152s. 6d.

Tables by the Statistical Department of the Board of Trade.
Vol. V. p. 450.

Of none of these places can it be said, that the rise was produced by a demand from this country; for, in point of fact, we imported next to none from the North of Europe in 1811 and 1812, while shipments were actually made from this country to the South of Europe.

“La récolte fut mauvaise, la cherté devint excessive; le septier de blé fut vendu dans plusieurs provinces jusqu'à 100 francs (150s. the quarter), et la misère fut très grande. Les sacrifices faits par le gouvernement Impérial pour les subsistances peuvent être évalués à 80 millions (upwards of three millions sterling). Les mers à cette époque n'étoient pas libres; il fallut donc établir par terre le transport des grains depuis Hambourg jusqu'à Paris; quand momentanément on put profiter des rivières, il y eut des frais de chargement considérables.”

Here most assuredly there is nothing of paper circulation or of war-demand defrayed by loans, to account for the rise of prices: credit was nearly annihilated in France in those times; and it is well known, that the expenses of the war were not defrayed by loans. As little can the scarcity in France be accounted for by extra consumption occasioned by the war. The armies of France, at that time, were far beyond her own territories. The greater part were in the North of Europe, among the cheapest of the corn-growing countries; and, most assuredly, in the supplies sent from France for the troops, there would hardly be included any large proportion of mere articles of food; nor at any rate of the more cumbersome ones, such as corn.

In 1809, when the war in Germany was carried on upon a very large scale, the prices of provisions were comparatively low both in Germany and in France. This low price on the Continent in 1809 negatives not only the hypothesis of extra war consumption, but it negatives also the opinion of the influence on continental prices of the addition to the stock of the precious metals abroad, by the disengagement of them from this country; for, in 1809, all the bullion that could be spared from hence was sent for the purpose of defraying our then immense foreign expenditure. And with reference to this supposed operation of the Bank restriction in depreciating the precious metals, how would it account for the circumstance

that France *exported corn in 1809, and imported largely*, and at an enormous expense to the government, in 1811 and 1812. The export of wheat from France, in 1809 and 1810, was 637,273 quarters; while the imports, in 1811 and 1812, and the early part of 1813, amounted to 1,337,249 quarters.

The fact of the scarcity and high prices of corn in France in 1811 and 1812 is important in a twofold point of view.

1st. It favours the presumption of a cause common to the two countries, of which none more probable than the influence of the seasons; inasmuch as these, in the majority of instances, are known to have some similarity of character, at the same time that there is direct evidence of dearth from those two seasons in the present instance.

2dly. It accounts for our prices having risen higher than with a similar deficiency of our own produce they would have done, by the circumstance, that the purchases of corn in Germany by the French government, combined with the enormous charges of freight and insurance, to this country, prevented our getting a foreign supply, of which we stood in need in those years.

It is not, however, the price of corn only in France at the period here referred to, that affords the strongest presumption, if not an irresistible proof, in the negative of the theories of currency and war-demand. A rise of prices of other commodities and of labour took place in France, and generally in other countries, from a period anterior to the Bank restriction till 1811 and 1812, nearly corresponding with that which occurred in this country.

The corresponding rise of prices, and the rate of living abroad, was referred to by Mr. Rose in the course of the discussions, in 1811, on the Bullion Report.

“ Let it not (he said) be imagined that a rise in the articles of life has been confined to this kingdom alone. A most attentive inquiry has satisfied me, that the expense of living has gone on in a ratio of increase throughout various parts of the Continent, as well when the precious metals have been the sole circulation, as when paper has been abundant; and all this without any connection with the price of gold. In France, where no paper circulates except in the capital, and there only a very limited amount, we have the following evidence to that effect. In a report to the Agricultural Society at Paris, in 1805, M. Silvestre observes, that ‘ in most of the departments the price of labour is increased since 1789, by one third at least, and in some by one half; in a few it is doubled: and this rise is more general with respect to workmen than to servants at yearly wages. The society has ascertained that all the instruments of cultivation are raised in price in a proportion nearly similar; that building materials have also risen from a third to a fourth; beasts of burden about one half; and all other articles requisite for the maintenance of a farmer’s family in the same proportion.’ In a speech of Mons. Daru to the legislative body in 1810, he observed that the revenue which was appointed for Louis the XVIth, in 1791, and continued to Napoleon, was no doubt considerable, but if attention be paid to the difference between the real value of money at that time and at present, it will not be thought an extravagant assertion, that the same income does not now represent more than two thirds of what it did then.”

The following statement, however, extracted from M. J. B. Say’s work, entitled, “ Cours complet d’Economie politique,” (tom. 3. pp. 27, 28. *note*), will exhibit more in detail the great rise of prices in France of labour, and of implements of husbandry, and of several other articles in 1811, as compared with 1789.

“ I extract ” (he observes) “ the following document from an official paper :— ‘ Comparative prices of objects for the use of a farmer in the township (Arrondissement) of Saint Denis, before 1789, and under Napoleon.’ ”

“ (From a report made to Napoleon by the Minister of the Interior, in 1811.) ”

“ N. B. Wages by the year, and task work are reduced into wages for a day.”

* (French money reduced into Sterling, at the exchange of 25 f.)

	Before the Revolution.			Under Napoleon.			Observations.
	£	s.	d.	£	s.	d.	
Journeyman cartwright -	0	0	5 $\frac{1}{4}$	0	0	11 $\frac{1}{2}$	} Besides board.
farrier -	0	0	5 $\frac{1}{4}$	0	0	9 $\frac{1}{2}$	
harness-maker	0	0	4 $\frac{1}{2}$	0	0	7 $\frac{1}{4}$	
mason -	0	1	9 $\frac{1}{2}$	0	2	9 $\frac{1}{2}$	} Including board, but not his labourer or assistant.
locksmith -	0	1	7 $\frac{1}{4}$	0	2	4 $\frac{1}{2}$	
carpenter -	0	1	7 $\frac{1}{4}$	0	3	2 $\frac{1}{2}$	} Including board, and they find their tools.
tiler, slater, or thatcher }	0	2	4 $\frac{3}{4}$	0	4	9 $\frac{1}{2}$	
Head carter -	0	0	4 $\frac{3}{4}$	0	0	7 $\frac{3}{4}$	} Besides board.
Under ditto -	0	0	4 $\frac{3}{4}$	0	0	6 $\frac{1}{4}$	
Head shepherd -	0	1	2	0	2	1 $\frac{1}{2}$	
Under ditto -	0	0	7 $\frac{1}{4}$	0	1	4	} Besides board.
Farm-yard boy -	0	0	3	0	0	7 $\frac{1}{4}$	
Poultry-yard maid -	0	0	2 $\frac{1}{2}$	0	0	3	
Thresher -	0	1	0 $\frac{1}{2}$	0	2	0	} Is paid by measure.
Reaper and mower -	0	2	0	0	4	9 $\frac{1}{2}$	
Day labourer (man)	0	0	11 $\frac{1}{2}$	0	1	9 $\frac{1}{2}$	} In summer.
(woman)	0	0	5 $\frac{1}{4}$	0	0	8 $\frac{1}{2}$	
A plough -	2	8	0	4	0	0	} With its iron work.
A cart -	9	0	0	17	0	0	
A cart harness -	2	8	0	5	12	0	} For the shaft horse.
Ropes (the quintal 108lb. avoirdupois -	2	8	0	4	0	0	
A spade or a hoe -	0	2	4 $\frac{3}{4}$	0	4	0	} Nailed on.
A horse shoe -	0	0	3 $\frac{1}{4}$	0	0	7 $\frac{1}{4}$	
Rough building stones -	1	2	4 $\frac{3}{4}$	1	12	0	} The cubic <i>toise</i> (about 261 cubic feet Eng.).
Plaster (of Paris) -	0	12	9 $\frac{1}{2}$	0	17	7 $\frac{1}{4}$	
Lime -	2	1	7 $\frac{1}{4}$	3	1	7 $\frac{1}{4}$	} The <i>muid</i> of 36 sacks (about 22 bushels).
Tiles (the 100) -	0	12	0	1	4	0	
Bar iron -	0	14	4 $\frac{3}{4}$	0	17	7 $\frac{1}{4}$	} The <i>setier</i> (about 4 $\frac{1}{2}$ old bushels).
A plough horse -	13	8	0	24	0	0	
A fat pig -	3	4	0	6	0	0	} Made in the neighbourhood.
A sheep (of that country)	0	9	7 $\frac{1}{4}$	0	14	4 $\frac{3}{4}$	
Chickens (the pair) -	0	1	0	0	1	5 $\frac{1}{4}$	} The <i>cent</i> .
A cloth coat -	2	12	0	4	0	0	
A pair of leather breeches	0	19	2 $\frac{1}{2}$	2	8	0	} Weighing about 216 lbs. avoirdupois.
A pair of shoes -	0	3	7 $\frac{1}{4}$	0	5	7 $\frac{1}{4}$	
A hat -	0	9	7 $\frac{1}{4}$	0	14	4 $\frac{3}{4}$	} The <i>double Hère ou voie</i> (2 cubic metres, about 66 cubic feet English).
Fire-wood -	0	16	9 $\frac{1}{2}$	1	8	9 $\frac{1}{2}$	
Charcoal -	0	2	9 $\frac{1}{2}$	0	5	7 $\frac{1}{4}$	The <i>sac</i> of Paris.

“ Napoleon had re-established and increased all the taxes of the *ancien régime*. It may be supposed that the farmers who were consulted as to the above prices, may, from discontent, have

slightly exaggerated the difference; for it does not appear that prices have increased since."

It is probable that there may be inaccuracies in the reduction into English measure, in the foregoing translation; but they do not affect the main fact of the *proportionate advance* of prices.

The rise of the prices of provisions and labour (and of most other objects of exchange) abroad, corresponding so nearly during the period of the restriction with those in this country, has always been a point of difficulty with the partisans of the doctrine of depreciation, by increase of money, as resulting distinctly from that measure. Accordingly, in the debates in 1811, on the bullion report, and again on the gold coin and bank note bill, the topic was either wholly evaded, or very slightly touched upon, by those who argued from the high prices of commodities in this country, the depreciating effect of the Bank restriction on the value of the currency. A vague reference was made in one or two instances to the operation of the metals disengaged from this country, as tending to raise bullion prices, as if it were possible for a rise of prices of from 50 to 100 per cent. to have been produced by the addition of about 12 or 15 millions of gold and silver, to the circulation previously existing in the commercial world.

In the course of those debates, Sir George Shuckburgh's table was adverted to, as showing that a general cause of depreciation of the value of money had been in steady progress from the time of the Norman conquest. Mr. George Rose referred to that table for the purpose of inferring that the rise of prices was from a cause which had been in operation anterior to, and was in progress independently of, the Bank restriction. And, so far as that incorrect and absurdly constructed table * could be

* For an exposure of the incorrectness of the details, and the absurdity of the principle upon which that table has been

considered as an authority, it served to favour the argument against the imputed effect of the restriction. But it was likewise referred to by some of those who were most strenuous in contending for the depreciating effect of the restriction. Although how it could strengthen *their* argument, it is not easy to see. For surely the restriction act ought in fairness to be absolved from so much of the rise of prices as could be referred to a law which was supposed to be in steady and progressive operation independently of that measure.

The evidence which has thus been adduced of the prevalence of scarcity of corn, not only in this country but on the Continent of Europe, cannot, if fairly followed out, fail of establishing the sufficiency of that cause, combined as it was with extraordinary, and as it proved, insurmountable impediments to importation into this country, to account for the great rise and high range of prices which prevailed till the harvest of 1813. The effects of that harvest, both in this country and abroad, will be noticed presently; in the mean time a brief view may be taken of the coincident state of prices of other articles.

SECTION 7. — *Prices of Commodities from the Summer of 1811 to the Summer of 1813.*

During the same interval as that in which we have had occasion to observe upon the rise of the prices of provisions, viz. from the summer of 1811 to that of 1813, there occurred a renewed scarcity,

constructed, see Arthur Young "On the progressive Value of Money," and the 3d volume of the *Edinburgh Review*, in an article headed "Wheatley on the Currency."

partly actual and partly apprehended, of many leading articles of importation.

In consequence of the discouragement arising from the low prices in this country in 1810 and the beginning of 1811, there was little inducement to import in the face of enormous charges; freights and insurances from the Continent of Europe continuing so high that, without an advance of prices here, little or nothing would, in some instances, have been left for prime cost. The stocks, therefore, of wool, silk, cotton *, hemp, flax, tallow, timber, &c. became scanty towards the end of 1811; and there were grounds at the same time for apprehending a further scarcity. The preparations by the French for the invasion of Russia gave reason to fear that, however disastrous to the former it might eventually prove, the intermediate consequence would be a cutting off of the supplies of naval stores and of other produce from thence; and as the French armies spread over Prussia, all shipments from that country became more difficult and hazardous. Our differences with America were then rapidly tending to an open rupture, and the produce of that country naturally participated in the causes of advance.

Thus by far the majority, in point of importance, of imported commodities, requisite as raw materials for the supply of our manufactories, and essential for the support of our navy, became, from real and

* This will appear from the following comparison of the imports into Great Britain: —

Year.	Wool.	Silk.	Cotton.	Tallow.	Hemp.	Flax.	Linseed.
	lbs.	lbs.	lbs.	cwt.	cwt.	cwt.	bush.
1810	10,936,224	1,792,206	136,488,935	479,440	955,799	511,970	1,645,998
1811	4,739,972	622,383	91,662,344	292,530	458,547	243,899	594,016

And these articles, in consequence experienced a considerable rise, although not to the elevation which they had attained in 1808 and 1809.

anticipated scarcity, objects of speculation ; these naturally gave rise to an extension of mercantile transactions on credit, both with and without the intervention of paper ; and this state of actual and anticipated scarcity, and consequent expectation of higher prices, which formed the basis of the extension of credit and of the circulation of private paper, continued, with only a few variations incidental to peculiarities of demand, till different periods in 1812 and 1813.

SECTION 8. — *Fall of the Prices of Corn, and of other European Produce, in 1813.*

The prices of provisions, and of European produce generally, having attained their greatest height at different periods in 1812, began thenceforward to fall. The decline in the prices of corn commenced in the autumn of that year, and was at first rapid, having been between August and November 1812, upwards of 40s. ; viz. from 155s. to 113s. 6d., but thenceforward there was not much variation till August, 1813.

The prices gave way, however, rapidly after the harvest of 1813*, which proved to be very abundant.

* The fact of a great fall in the price of agricultural produce having preceded both the termination of the war and any supposed preparation for cash payments, resting as it does on most incontrovertible evidence, it may appear strange that it should not have been more generally adverted to in the discussions to which the questions respecting the currency, and the transitions from war to peace, have given rise. The wonder will cease, however, when it is observed that the customary mode of referring to the prices of corn in treating of subjects connected with them, has been to take the average of the year ending with December. This mode involves the fallacy which has already been pointed out, and is calculated to convey the impression that the high price of corn continued till the return of peace, which is supposed to have induced preparations for cash payments. By the average for the whole of the year 1813, the price appears to be 107s. 10½d. which makes that year the highest with the

It was this decidedly favourable season which developed the full effects of the encouragement that had been held out by the long previous range of high prices to the application of great additional capital to the land. The extent to which that encouragement had operated is stated by the Committee on the Corn Laws, in 1814 (Report, p. 3.), in the following terms : —

“ It appears to your committee to be established by all the evidence, that, within the last twenty years, a very rapid and extensive progress has been made in the agriculture of the United Kingdom : that great additional capitals have been skilfully and successfully applied, not only to the improved management of lands already in tillage, but also to the converting of large tracts of inferior pasture into productive arable, and the reclaiming and inclosing of fens, commons, and wastes, which have been brought into a state of regular cultivation.”

There had not only thus been an increased breadth of land in improved cultivation, but the produce per acre was unusually large. The whole fall, resulting from these causes, will clearly appear by the following statement of the average prices : —

	Wheat.	Barley.	Oats.
August, 1812,	155s. 0d.	79s. 10d.	56s. 2d.
Dec. —	121s. 0d.	64s. 0d.	44s. 1d.
August, 1813,	112s. 0d.	55s. 7d.	40s. 4d.
Dec. —	73s. 6d.	42s. 11d.	27s. 7d.*

Here is *a fall exceeding fifty per cent.* within two years, during which the price of gold had been rising, and attained the greatest height that it ever

exception of two, viz. 1801 and 1812, of any that has occurred in the annals of the corn trade : whereas the fact, as appears in the text, is, that immediately after the harvest of 1813, the price fell to less than one half of what it had been on the eve of the harvest of 1812.

* The price of oats fluctuated in an extraordinary degree, the average price had been, in

January, 1812,	31s. 9d.
June —	69s. 0d.
Dec. 1813,	27s. 7d.

reached, and was, on an average, higher than at any preceding or succeeding period. Moreover, *while the decline in corn was most rapid, the price of gold was actually rising* ; viz. from June 1813, when gold was at 5*l.* 2*s.* 6*d.* to the close of that year, when it got up to 5*l.* 10*s.*

The fall in the prices of commodities imported from the Continent of Europe was taking place in proportion as the opening of the ports from whence they were shipped diminished some of the expenses of importation ; but the decline of prices was at first slow, because the continued hostility of Denmark, and the war with the United States of America, kept freights and insurances at a high rate. Still it was actual or prospective abundance that occasioned the tendency to a fall at the close of 1813.

It appears, then, that the occurrence of a single good harvest, and the removal of some part of the political obstructions to a foreign supply, had the effect of producing a great fall in the prices of corn, and of other articles of European produce ; or, in other words, that immediately upon the cessation of what one might have thought had been obviously enough the cause of advance, prices tended to a subsidence to the level from which they had risen. And if abundant proof had not already been adduced of the absence of the causes commonly assigned, viz. of the Bank restriction or war-demand, it would be found in the fact, that the Bank issues, and the war-demand continuing on as large a scale as ever, or rather on a greatly increased scale, prices of corn, and of all the other articles that had risen with corn, were falling rapidly in 1813. But were it possible that the conclusion to that effect could be made stronger, it would be so by reference to the circumstance of an equal fall of prices of corn in France, consequent upon the harvest of 1813, and this while the war was still

carried on on a gigantic scale, and nearer to her own frontiers. In truth, the prices continued to fall there while the war was waged within her own territory. The fall in the price of wheat in France, between 1812 and 1814, was from 34 fr. 33 cents. the hectolitre, to 17 fr. 73 cents.; being nearly 50 per cent., or the same as occurred coincidentally in this country. Now, according to the theory that the gold disengaged from this country diminished the value of the precious metals on the Continent, and was the sole or the main cause of the rise of prices there during the restriction, how is this fall of the price between 1812 and 1814 in France, and on the Continent of Europe generally, to be accounted for consistently with such hypothesis; this fall of prices having occurred when the stock of gold spared from this country, and added to the circulation of the commercial world, was precisely at its maximum? This instance, however, is only one among many, that not only was the amount of the metals disengaged from this country, totally inadequate to produce any perceptible effect on prices, but that the facts are in the order of time of their occurrence, at variance with the hypothesis.

SECTION 9. — *Rise of Prices of exportable Commodities in 1813.*

As a still further illustration of the manner in which the anti-commercial character of the war and of the Continental system had operated on prices, it may be observed, that while corn and other European raw produce were falling, all articles of export, viz. West India, and generally all transatlantic, produce began to rise coincidentally with the first tendency of the former to fall. The lowest point of depression of West India produce, and of other commodities, including manufactures, calculated for the markets of the Continent of Europe, and

the United States, occurred at the close of 1811, and in the early part of 1812. All these articles experienced a moderate degree of improvement towards the close of 1812, with the exception of such descriptions as were exclusively or chiefly calculated for export to the United States, and these of course were much depressed by the war which then broke out. By the retreat of the French from Moscow, not only the ports of Russia were secured from the danger of being again shut against us, but daily tidings were received of other ports in the north of Europe being opened to a trade with this country; and sanguine expectations were beginning to be entertained that the ports of France itself would at no remote period be open to us. The new markets—for such they might then be called—which were thus presented, and the prospect of more, gave rise to a speculative demand for all the articles really wanted, and for many others which it was anticipated would probably be wanted, by the countries with which we had then suddenly come into communication. Colonial produce, as it had been most depressed by our previous exclusion from those markets, experienced the greatest and most rapid advance, but many other articles of export participated in the demand, which prevailed thenceforward till the close of 1813, and the early part of 1814, with greater or less intensity according as the events of the war seemed to hasten or retard a general peace. The conclusion of the war was then hailed as holding out the prospect of an unlimited demand on the part of the inhabitants of the Continent, for the articles from the use of which they had been so long debarred.

The earliest shipments of such exportable commodities as had been bought at the low prices answered of course, and the profits thence arising naturally encouraged the subsequent speculation. This speculation, and the consequent over-trading,

proceeded to a most extravagant length till the spring of 1814. It began, as has already been noticed, with the great reverses of the French in 1812, and went on, with fluctuations, according to the vicissitudes of the subsequent military operations, till the peace of Paris, which was the consummation of the views of the speculators; the ports of France, as well as those of all the rest of Europe, being then opened to a direct commercial intercourse with this country.

It had been usual, in former periods, to consider that colonial produce should rise in war and fall in peace, in consequence of the difference of the charges of importation; but the period in question was supposed to form an exception to this general rule: it was calculated that the inhabitants of the Continent, having been so long debarred by the anti-commercial decrees of their governments from the enjoyment of sugar and coffee, and of various other descriptions of commodities would, now that commercial intercourse with this country was restored, require a supply, at almost any price, of most of the articles that had been accumulated here during the absence of foreign demand. Proceeding on this supposition, a great number of adventurers, departing from their ordinary pursuits, entered into speculations in exports with the greatest avidity. Many retail tradesmen who failed in 1814 and 1815 were, upon a disclosure of their accounts, found to have been concerned in shipments of sugar and coffee to the Continent. The contagion spread to the outports (of these, Leith and Hull were most prominent); and it was said that a large proportion of the shopkeepers residing in them, who failed at that time, owed their ruin to having been tempted into speculations of the kind which I have described. In short, the spirit of overtrading in that extensive class of commodities reached to the most extravagant height, as may be judged

by a comparison of the prices of the following articles in the years 1811–12, and 1813–14, exhibiting an extraordinary contrast of the extreme depression in 1811 and the early part of 1812, with the speculative elevation in the latter part of 1813 and the spring of 1814.

	1811–12.	1813–14.
Coffee, Jamaica, per cwt. - -	54s. 73s.	118s. 142s.
St. Domingo, — - -	36s. 42s.	116s. 126s.
Sugar, Gazette average, - -	34s. 11d.	97s. 2d.
Havannah, white, - -	30s. 46s.	110s. 134s.
Cotton, bowed Georgia, per lb. -	7d. 9d.	2s. 4d. 2s. 6d.
Cochineal, - - — -	29s. 31s.	47s. 52s.
Indigo, E. I. superior, — -	8s. 9s. 6d.	12s. 16s.
Pepper, black, - — -	7d. 7½d.	20d. 21d.
Tobacco, Virginia, - — -	2d. 7d.	1s. 10d. 5s. 6d.
Logwood, per ton - - -	10l. to 11l.	22l. to 23l.

This extraordinary rise of all exportable produce which took place only in consequence of the approaching peace, and reached its greatest height when the peace was concluded, and when, according to the received doctrine, preparations were begun by the Bank with a view to cash payments, attended by a reduction of the quantity of money, is commonly blended with the state of prices of agricultural and generally of European produce, which had begun to fall when exportable articles had begun to rise, and which had fallen upwards of 50 per cent. *before* 1814, which is the earliest date assigned for the supposed preparations for cash payments, and consequent reduction of the quantity of money. And thus a mass of high prices of all commodities is erroneously assumed to have coincidently prevailed, until according to one theory the war-demand had ceased, and according to the other theory, until preparations for cash payments had commenced, and the quantity of money had been reduced. The facts already stated are obviously decisive as to the theory of war-demand; and if the circumstances which have been detailed

in connection with the fluctuations of prices in the whole interval between 1808 and 1814, should appear to be sufficient to account in every instance for the most marked variations, it will follow that alterations in the quantity of money cannot have had any considerable share in producing those fluctuations. Not to mention the incorrect use of the term depreciation from excess of money to designate the rise of one great class of objects of exchange, when another equally important class is undergoing a proportionate fall.

This is the argument *à priori* against the presumption that the effect of the Bank restriction had been that of raising prices by increasing the quantity of money in the period now under consideration. And a reference to the state of the circulation will serve to show that there was no such increase of the quantity of money arising out of the Bank restriction as would account for those effects.

SECTION 10.—*State of the Circulation from 1809 to 1813, both Years included.*

It has been seen that in the earlier part of 1808, the Bank was in such a position with respect to the state of its treasure, compared with its liabilities, as would have been perfectly consistent with a convertible state of its paper. It has further been seen, that while such was the position of the Bank, a spirit of speculation had arisen from a view of the great falling off of imported commodities, and that an enormous rise of prices had been the consequence, without any preceding increase of Bank issues. That great rise of prices held out the strongest inducement for efforts on the part of the merchants to import largely in the coming season. It was necessary for this purpose either to transmit considerable funds abroad, or to lodge extensive credits for drafts on this country. The war carried

on by this country in the Peninsula against France, had commenced, and required large sums in specie to be sent thither for the pay and subsistence of the allied armies; and treaties for a subsidy to Austria were on foot, with a view to her declaration of war with France, which took place in the spring of 1809.

These circumstances were calculated to operate powerfully on the exchanges, and a considerable depression of them accordingly took place, without being preceded by any increase of the circulation of the Bank of England.* The average amount of Bank notes of 5*l.* and upwards had been for the quarter ending

		Exchange on Hamburgh.
30 June, 1808,	£13,189,270	1 July, 35 <i>s.</i> 3 <i>d.</i>
30 Sept. —	13,060,650	30 Sept. 33 <i>s.</i> 9 <i>d.</i>
31 Dec. —	13,259,780	30 Dec. 31 <i>s.</i> 3 <i>d.</i>

And this fall of the exchanges had taken place, notwithstanding that the Bank had in the mean time parted with bullion to the amount of upwards of three millions. There was no price of gold quoted at the close of 1808; but, in proportion to the exchanges, it should have been about 4*l.* 7*s.* 6*d.*

Here then is a sudden divergence between the value of the paper and that of gold, to the extent of about 12 per cent. without any such increase of the amount of the Bank issues as could by possibility be assigned as the moving cause of that divergence. Thus far, therefore, there can be no difficulty in concluding that in this divergence it

* It is more fair, with a view to a practical conclusion, to take the average amount for a quarter, than to take particular days. But the same conclusion of the negative of any increase of Bank notes, to account for the first great depression of the exchanges, will be manifest, if we take, as points of comparison, corresponding days, thus:—

		Exchange on Hamburgh.
29 Feb. 1808,	- -	£14,093,690 34 <i>s.</i> 6 <i>d.</i>
28 Feb. 1809,	- -	14,241,360 31 <i>s.</i> 0 <i>d.</i>

was the gold that by an extraordinary and sudden demand for it, for purposes of foreign payments, had become of increased value, and not that the paper (being stationary in amount), had become of diminished value. And if the Bank had thenceforth continued to keep down the amount of its issues, although the probability is, that under the increasing pressure of the great additional expenditure which we shall have occasion to notice, the exchanges might still have fallen, the grounds of presumption that the depression of the exchanges, and the high price of gold, were not caused by the increase of Bank notes, would have been irresistible. The inference too would have been inevitable, that it was the gold that had diverged from the paper, and not the paper from the gold. Not but that the amount of the paper might, consistently with the rule which ought to govern the Bank issues, be considered to have been excessive, inasmuch as it was the duty of the directors to have contracted their issues, in order to have preserved the value of their paper on a level with that of gold; but the question immediately under consideration is, whether there is presumptive evidence of an increase of money having been the moving cause of the fall of the exchanges and the rise of the price of gold. It is possible—so increased, apparently, were the functions of Bank of England notes—that if the amount had been merely kept down in 1809, at what it had been in 1808, the further depression of the exchanges might at least have been stopped, and they might even have rallied. But, notwithstanding the rapid fall of the exchanges at the close of 1808, the Bank issues, instead of being reduced or simply limited to what they had been, were for some time thenceforward increased in amount.

As it was at this period that the great divergence between paper and gold occurred, and gave rise to

the bullion controversy which has in various forms ever since subsisted, it may be worth while, previously to examining the connection between the Bank circulation, as it actually existed, with the state of the exchanges, and of the price of gold and of commodities, to consider hypothetically what might have been the effect in a commercial and financial point of view, if such a regulation of the amount of Bank paper had been adopted, as might have been effectual in preserving the value of it on a level with that of gold.

In considering what might in this case have been the state of things compared with what it was, we are not to suppose such a system of management of the Bank as prevailed before the restriction, and has prevailed since the resumption of cash payments; because being, in 1808, fully in a position that would, under ordinary circumstances, have admitted of paying in cash, the directors would, according to their former, and according to their more recent practice, have delayed taking the measures of precaution which the extraordinary circumstances that then arose imperiously prescribed. They would, as they had formerly, and have since done, neglecting the early indications by the fall of the Exchanges, and the consequent drain on their coffers, of the necessity of contracting, and at any rate of not enlarging the circulation, have yielded to the increased and urgent applications, whether of government for advances, or of the mercantile community for discounts, and so have allowed the further pressure on the exchanges, and the drain on their coffers, to acquire such force as no subsequent effort would be sufficient to counteract. It is therefore perfectly clear that if the restriction had not taken place in 1797, and if the convertibility had proceeded as it might subsequently have done (subject to some effort under the pressure of 1800 and 1801), till the close of 1808, the Bank would, under its ordinary mode of management, have in-

evitably been brought to a stand in 1809. For the disturbing circumstances which have already been noticed as coming into operation, in depressing the exchanges, were acquiring an enormously increased force; and the amount of the payments abroad, for which it had become necessary to provide, in fulfilment of engagements *already entered into*, had, in 1809, risen to an amount much beyond that which could be met by exports of commodities in sufficient time, or upon points directly applicable for those payments, supposing even that there existed no political obstacles to exportation.

The government expenditure abroad amounted, in 1808, 1809, and 1810, to upwards of thirty-two millions, and the importations of grain to upwards of ten millions*, making together, extra foreign payments, to the amount of forty-two millions. But, in addition to these great payments to be made abroad, there was, in the two latter years, an unusually large importation of other goods besides corn; and these goods, as well as the grain, being imported wholly in foreign ships, and being of a very bulky description, the freights†, which were extrava-

* Government expenditure abroad:—

			£
1808	-	-	9,552,000
1809	-	-	10,235,000
1810	-	-	12,372,000
			32,159,000

Value of grain imported:—

			£
1808	-	-	336,460
1809	-	-	2,705,496
1810	-	-	7,077,865
			<hr/> 10,119,821
			42,278,821

Appendix to Mr. Vansittart's Speech on the Bullion Question, 1811.

† In the year 1809, when freights were at their highest, the freight of a cargo of 300 tons of hemp from St. Petersburg, at 30*l.* per ton, with primage of 10 per cent., and hat money, came to upwards of 10,000*l.* The present freight by British ships, at 50*s.* per ton, is 750*l.*

gantly high, constituted a very important addition to the other items of foreign payments. Mr. George Rose stated, in his speech on the Bullion Report, in 1811, that not less than five millions and a half had been paid in the preceding year for foreign freights, from the impracticability of employing British shipping to the ports in the North of Europe. And while the payments to be made by this country were swelled to this enormous magnitude, the rigours of the Continental system, aided in their operation by the effect of our own orders in council, tended more and more to circumscribe the means of export of commodities to meet those payments. So effectual was the system of exclusion from the Continent of Europe, of the principal articles of usual export from this country thither, that while coffee here was under 4*d.* the pound, it was worth 4*s.* to 5*s.* the pound in France.

And it has been argued *, and justly argued, that as the prices of our exportable commodities were already so low here, and so high on the Continent of Europe, as to hold out all possible inducement to overcome the obstacles which then existed to the introduction of them into the Continental markets, no additional reduction of prices of those articles in this country, that could have been effected by the utmost contraction of the circulation, would have forced the export of an additional cask of sugar or coffee, or an additional bale

* This point has been urged with remarkable force and clearness by the writer of a series of letters under the signature of H. B. T., which appeared in the *Morning Chronicle* in December, 1833, and January, 1834, and have since been published in a collected form. The same line of argument against the received doctrine of depreciation from excess of money consequent on the Bank restriction, has been followed, and very clearly stated, in a publication, entitled, "*Observations on the Report of the Bullion Committee of 1810, in a Letter addressed to the Members of the Political Economy Club, by A. G. Stapleton, Esq.*" 1837.

of our manufactures. The vast accumulation of colonial produce and of manufactured exportable commodities which took place in this country in 1810 and 1811, and which contributed greatly to the distress prevailing at that period, is referred to in proof of the insurmountable impediments then existing to exportation.*

This argument is correct as far as it goes†, but it takes in only one of the points of view in which the influence of a different regulation of the Bank issues is to be considered. It may be admitted, that a contraction of the circulation would not, or at least might not, have been effectual in inducing any additional exports of commodities. But it would, if *timely* applied, have had a very great effect in reducing the amount of the imports, and in reducing also the amount of the sums to be transmitted abroad by a saving of the difference of exchange. If, seeing the enormous speculations which were on foot between the close of 1807 and the summer of 1808, and becoming aware of the political circumstances which inevitably led to a very large government expenditure abroad; feeling, indeed, the effect of those circumstances by the demand for bullion‡, of which the stock in the Bank was rapidly decreasing; and seeing, moreover, the strong tendency which, early in the autumn of

* In the letters of H. T. B., already referred to, the writer says, "If 60,000 tons of coffee, held here unsaleable at 6*d.* the pound, while coffee was 4*s.* or 5*s.* the pound on the Continent, is not evidence that the impediment was more than all the subtlety of mercantile men could overcome, it is in vain to look for proof of such a fact."

† It applies, perhaps, more distinctly to 1810 and 1811, than to 1808 and 1809; as it was not till the actual burning and confiscation in the Prussian ports, in 1810, of goods shipped to a vast amount from this country, that the system of exclusion became so effectual.

‡ Not, indeed, on the part of the public, as the paper was not convertible, but on the part of Government, which was the same in effect, as regards the present argument.

1808 was manifested to a fall of the exchanges, the Bank had contracted its issues, it is fairly to be presumed that a contraction *so timed* would, although carried only to a moderate extent, have had a considerable influence upon the amount of the imports in the following season. If the merchants had become apprized, by a notice similar to that which the Bank had given in December, 1795, of a limitation somewhat below the usual or the expected amount of accommodation by discount, and by a generally diminished facility in the money market, which would have followed from such a limitation by the Bank, in the autumn of 1808, that they were not to rely, in entering into further engagements, upon the accustomed facilities, there is every reason to believe that their orders would have been under lower limits of price; or, if they sought consignments, they would not, indeed, they could not, have offered such large advances upon them. The consequence of such lower limits, or, of lower offers of advance, or, in other words, of greater prudence in mercantile engagements for importation, would have been most important in its influence on the exchanges. The whole of the imports in 1809 and 1810* would have been less, and the cost of the smaller quantity would have been less, not only in the ratio of the lesser quantity, but also of the lower price. But if the whole quantity imported had been less, there would have been a considerable reduction of the sums to be paid to foreigners for freight, not only by the diminished quantity, but by a lower rate, in consequence of the less demand for foreign shiproom. From the

* The comparison of the official value of the total of imports stands thus:—

		£
1808	-	29,629,353
1809	-	33,772,409
1810	-	41,136,135

difference under these two heads alone, there would have been a great abatement of the pressure for foreign payment ; and, considering the very circumscribed sphere of exchange operations which then exhibited, it can hardly be doubted that this saving of the sums to be transmitted from hence or drawn for from abroad, would have had a sensible effect on the exchanges. And in whatever degree the exchanges had been higher, their improved state would have caused a further saving of the sums to be transmitted for our government expenditure abroad, inasmuch as it would have diminished the amount to be paid by the government here for a given amount of foreign currency required.

It is hazardous to form computations reduced to precise figures, on data so vague, but, speaking in general terms, it may be assumed to be highly probable that the saving in the balance of foreign payments, which would have been effected by a timely and systematic contraction by the Bank of its issues in the autumn of 1808, would have been sufficient to have prevented the exchanges from falling so low as to have put it out of the power of the Bank to continue to pay in specie, if it had not been restricted from so doing.

It may be objected to this view, that although, by an early and somewhat forcible contraction, the value of the paper might have been preserved on a level with that of gold, the object would have been too dearly purchased by the inconvenience to commercial interests, from a forced limitation of discounts, and by the financial difficulty which it would have occasioned. This was the ground taken by ministers in defending the conduct of the Bank. The answer is, that the inconveniences which the merchants might have experienced from disappointment as to the extent of discounts, and from a diminution of the facilities, generally, on which they may have relied, would, taking them as a body, have been much more than compensated

by a saving of a great part of the enormous losses which the importations of those two years entailed upon them,—losses which, in point of fall of markets embracing such a variety and extent of articles, have most assuredly *no parallel*, within the same period, in our commercial history. The state of commercial distress and discredit consequent upon these losses has already been described; the number of bankruptcies in 1810, 1811, and 1812, namely, 7042 in the three years, having been unparalleled before or since.* The system, therefore, upon which the Bank acted, and which, upon principle, the directors justified in their evidence before the Bullion Committee, viz. that they could not issue too much paper by the way of discount on good bills of limited date, at 5 per cent. per annum, was, besides the depreciation of Bank paper which it entailed, productive of much more loss than benefit to the mercantile interests. And as to the financial difficulty which a contraction of the circulation might have entailed, it may be doubted whether the increased rate of interest at which the loans would have been raised, would not have been more than compensated by the smaller amount which would

* With reference to the state of commercial distress and discredit which prevailed in 1810, it may here be observed, that little notice has ever been taken of it by the supporters of the currency doctrine, and still less has any plausible reason been given for it, consistently with that doctrine. The discredit and distress were clearly the consequence of the great fall of prices. Now if, as according to that theory is supposed, the rise of prices had been caused by an increase of Bank of England paper, how happened it, that, with a further increased issue, they should have fallen? and if that increased issue had not been enough, why should there not have been a still further issue, for the express purpose of supporting prices, and thus preventing the loss and discredit attending the fall? It may be said, that the increased issue by the Bank in 1809 and 1810 was not more than sufficient to compensate for the failures of the country banks. True: but why did not the Bank, as by that theory it is supposed that it could, make so much greater an issue as to prevent those failures?

have been required, in consequence of the great saving which an exchange at or near par would have made, not only on the enormous sums which the government had to transmit for payments abroad, but also on all the contracts for naval and military stores, the cost of which was increased by the depression of the exchanges.

Upon the whole, if the grounds for computation of the saving in the government expenditure on the one hand, and the higher interest that might have been payable by government on the other, were carefully gone over, there would, perhaps, be found reason to conclude that the one would have gone a great way to balance the other. At any rate, it may be of use to suggest this point of view for consideration, so as to make it at least a question whether, on the one hand, there is sufficient ground for the opinion so generally and so implicitly received, that the manner in which the Bank did regulate its issues, afforded a facility uncompensated by disadvantages at least equivalent, arising out of the same system ; and whether, on the other hand, the public did not, in the lower rate of interest on the loans, receive a compensation for the larger sums raised. So much, however, may with confidence be asserted, that, according to any legitimate conclusion from facts that are generally accessible, the mercantile classes were great sufferers, and the government were not gainers, by the deviation on the part of the Bank, at the close of 1808 and throughout 1809, from the course which it would have been compelled to pursue, if it had then been under the obligation of paying in cash. Or, in other words, the mercantile interests certainly, and the public finances probably, would have been gainers, if the Bank directors, disregarding the applications for increased discounts or advances, had steadily adhered to their duty of preserving their paper in a sound state ; that is, of maintaining the equivalence of their promise of payment to an actual payment.

Any one that would follow out step by step what they did, and compare it with what it was their duty to have attempted, must be satisfied that they might have succeeded, with less advantage indeed to their proprietors, but more creditably to themselves, and more beneficially to the public. For this purpose, however, it was requisite that they should have been vigilantly alive to the premonitory symptoms, which were observable for some time before the fall of the exchanges in 1808, and then to have instantly taken measures for contracting the circulation.

Instead, however, of attending to the premonitory symptoms of the earlier part of 1808, or to the more decisive indications at the close of that year, which should have led them to reduce the circulation, they extended it; thus committing the fault of which they had been guilty in 1782 and in 1795, and which they repeated in 1824; and rendering it more difficult, if not impracticable, to restore the value of the paper to its standard as long as the pressure of foreign payments continued. The increased issues were as follows:—

			Notes of 5 <i>l</i> . and upwards.	Under 5 <i>l</i> .
Last quarter of 1808,			£13,259,780	£4,163,380
1st	—	1809,	13,504,510	4,335,880
2d	—	—	13,978,370	4,555,880
3d	—	—	14,144,960	5,195,830
4th	—	—	14,464,730	5,477,730

The circulation having been enlarged continuously throughout 1809, while the exchanges were falling, afforded a strong presumption of the relation of cause and effect between the increase and the fall, and, at all events, removed all plea of attempt on the part of the Bank to preserve the value of its paper. It was this coincident increase of Bank notes with the fall of the exchanges, and the rise of the price of bullion, that gave occasion to Mr. Ricardo's first pamphlet, entitled, "The High

Price of Bullion a Proof of the Depreciation of Bank Notes," and, subsequently, to the appointment of the Bullion Committee of the House of Commons early in the session of 1810. And, doubtless, there was a fair *prima facie* ground for the inference, that the divergence, then so strikingly observable between the gold and the paper, was caused by a diminished value in consequence of an increased quantity of the latter, and not by an increased value of gold in consequence of the greater demand for it for purposes abroad. But although it was the duty of the Bank directors to contract, and at any rate not to extend the circulation, under the circumstances stated, there are very strong grounds for believing that, increased as it was in 1809, it did not exceed the amount that would have been compatible, but for the extraordinary state of things arising out of the war, with a maintenance of the paper at its full value in gold.

The whole increase, it is to be observed, of notes of 5*l.* and upwards, in the first quarter of 1809, was very trifling, and left the amount to be still very much below the lowest point to which the circulation has been at any subsequent time reduced; while the increase of notes under 5*l.* can hardly have been adequate to replace the progressive disappearance of guineas, which must have been hastened by the great and sudden fall of the exchange. For that fall of the exchange, the immense amount of our foreign payments fully accounts; and there were coincident with the demand for bullion for that purpose, circumstances in operation, which conferred a still further value on the precious metals on the Continent of Europe.

In consequence of the cessation of all commercial credit and confidence, and of security of property throughout the extended seat of war, there was necessarily a great absorption of the metals, not only for the purposes of interchange, which would in ordinary times have been performed by bills of

exchange, or simple credit, but for the purposes also of hoarding, which in times of such insecurity must have been practised to a very great extent. From these causes alone, gold and silver must have acquired a greatly increased value. But if to these causes be superadded the absorption of specie in the military chests of the great contending powers, both in the North of Europe and in the South, the wonder should rather be, that, without a greater diminution of our circulating medium than had then taken place, there was not a still stronger manifestation of the increased value of the metals, or rather of foreign currencies as measured in ours. In truth, the circumstances here adverted to may be considered as having operated in a great contraction, and consequently in an increased value, of the currencies of the Continental States of Europe.

These causes of increased value of the metals were in operation on an extending scale till nearly the termination of the war. And the effect of them would have been still more marked in the depression of our exchanges, if it had not been that there was, from 1809 to 1811, coincidently with that contraction of the Continental currencies, a great diminution of the credit part of the circulation in this country, as a consequence of the great fall of prices. For, although the small increase of the amount of the Bank circulation, in the early part of 1809, might seem to afford a presumption of an increase of the quantity of money; that presumption is countervailed by the consideration, that, notwithstanding a further increase of Bank notes, *the prices of nearly all commodities fell coincidently with such increase.*

The greater part of the commodities which had been the subject of speculation on the extraordinary political events of 1807 and 1808, and the consequent short importations, had reached their greatest height before the close of 1808: but after the spring of 1809,

the fall was general.* There can be no doubt that the fall of prices, and the great revulsion of credit, attested by the numerous failures between 1809 and 1812, had the effect of contracting the country bank and credit circulation, and thus virtually reducing the quantity of money in a greater degree than could be compensated by the contemporaneous increase of the Bank of England issues. As the rise of prices in 1807 and 1808 had been accompanied by an increase of the country bank and credit circulation, so the great fall of prices in 1809 and 1810 was attended with a great reduction of it: the increase and diminution being in each case obviously the effect, and not the cause, of the alteration in prices.

The extensive failures of commercial and banking establishments in 1810 have already been adverted to; the commissions in that single year were no fewer than 2314, of which 26 were against bankers. And a strong presumption that the increased issues of the Bank of England in 1810, amounting to about 2,500,000*l.* in notes of 5*l.* and upwards, and 2,000,000*l.* in notes under 5*l.*, did not fully supply the vacuum of the circulation so created, is afforded by the circumstance, that the foreign expenditure being on an increasing scale, the exchanges rose, that on Hamburg from 28*s.* 4*d.* to 31*s.* 9*d.*, and the price of gold fell from 4*l.* 11*s.* to 4*l.* 4*s.* 6*d.* The rise of the exchange would probably have been greater, if returns could have been received for the large exports which were made to the Baltic, and particularly to the Prussian ports, in the summer of that year. The whole of the goods so shipped, however, were seized,

* Wheat participated, as we have seen, in the general fall of prices, viz. from 95*s.* in March, to 86*s.* 6*d.* in July following; and it was not till the bad harvest of 1809 that the prices of corn rose again.

burnt, or confiscated, in pursuance of the decrees of the French government.

The enlargement of the Bank circulation in 1810 had been entirely the consequence of an increase of discounts. And we may here notice one of many misconceptions which prevail with reference to the influence ascribed to the regulation of the Bank issues during the restriction. It has been supposed that the rule, as explained by the directors, must have operated not only in a constant tendency to excess, but that the readiness of a resort to the Bank for discounts afforded a constant facility, and consequent *motive*, for speculations. But the fact is, that the variations in the amount of the private securities held by the Bank, were indicative only of variations in the market rate of interest, as compared with the Bank rate. And so far from the truth is the supposition, so commonly entertained, that an increase of the Bank issues, through the medium of discounts, afforded not only a facility, but an inducement, to the speculations which occurred during the restriction; that, on the contrary, while the most memorable of the speculations took place without any such increase, the most striking instances of enlargement of the amount of discounts *followed* a recoil from the great speculations, and was coincident with the greatest depression of markets, and with consequent commercial distress. Thus, in 1808 *, when the utmost extravagance of speculation prevailed, the amount of private

* It is not here meant to contend that it was not in the power of the Bank, by a refusal of applications for discount, in 1808, to have forcibly reduced the circulation, and thus to have repressed much of the spirit of speculation, especially of that which extended to prospective engagements. The observation in the text simply applies to the fact, that no material increase of discount at the Bank had preceded or accompanied the great rise of prices, and the general spirit of speculation which prevailed in 1807 and 1808, so as to admit of the assignment of

securities held by the Bank ranged at between 13 and 14 millions,—being no perceptible increase upon what it had been during the three or four years preceding. But the fall of prices thenceforward, was followed by a progressive increase of issues,

such increase as an exciting cause; this being the sense in which the charge is commonly made. And the great enlargement of the issues through that medium in 1810 has not unfrequently been referred to as being the supposed cause of raising prices,—the hypothesis involving an error of fact as to the time in which the rise and fall of prices took place.

There is one point of view in which there might be a question whether, if the Bank had, in 1808, forcibly limited its issues through, the medium of discounts, and not only not have enlarged, but contracted, them in 1809 and 1810, the ultimate effect might not have been a higher range of the prices of corn and of other European produce in 1811 and 1812, than actually prevailed. The immediate effect of such violent contraction would have been a more rapid fall of prices in 1809, and there would thus have been both diminished inducement and diminished means for endeavouring to overcome the great obstacles which then existed to obtaining supplies from the Continent of Europe. Now, it was the magnitude of the importations in 1809 and 1810, which contributed to mitigate the scarcities in 1811 and 1812, of corn and other European produce. On the supposition, therefore, that the circulation had been forcibly contracted at the close of 1808, and through 1809 and 1810, prices, low as they were with reference to the cost of production, would have been still lower in 1810; but they would, from increased scarcity, have been higher in 1811 and 1812. Lord Castlereagh seems to have had a glimpse of this view, when he said, in the course of the debates in 1811, “But the effect of a full circulation upon prices at home, I conceive to be the reverse of what is supposed. I admit that the first effect of a reduction of the circulating medium would be to lower prices, — the value of the circulating medium itself being enhanced in proportion to its scarcity: but it would soon operate in a corresponding degree to check reproduction; and although the produce on hand would sell cheaper, less being produced, the prices must speedily rise again, the demand continuing the same from the scarcity of the article.” This reasoning is admissible only under the peculiar circumstances of those extraordinary times; and if he had used the term importation, instead of reproduction, the expression would more clearly have designated the supposed consequences.

through the medium of discounts, which in August, 1810, reached the enormous and unprecedented amount of 23,775,093*l.* This greatly increased amount of discounts, and the consequent enlargement of the Bank circulation, were coincident, as we have seen, with the most depressed state of markets, and with the greatest commercial distress. In proportion as markets and commercial credit tended to a revival, the private securities held by the Bank underwent a progressive diminution; and the amount in February 1813,—a period which was precisely that in which the prices of both imported and exportable commodities, and of labour, were in the aggregate higher than in any former or subsequent period,—was reduced to 12,894,324*l.*, being a reduction of upwards of 10 millions; and the amount of the Bank circulation, which in August, 1810, had been 17,570,780*l.* of 5*l.* notes and upwards, was, in February, 1813, 15,497,320*l.*, being a reduction of upwards of 2 millions.

The diminution of discounts, and of the Bank circulation, after August, 1810*, till the commencement of 1813, is still further remarkable, as

* Of the enlarged issues by the Bank in 1810, it appears that a considerable part remained unemployed by the bankers, and was returned by them to the Bank within six months after, without having been in circulation.

Mr. Manning, a director of the Bank, and member of parliament, when replying to some observation in the House of Commons, on the Bank circulation, 8th December, 1812, said, “In July or August, 1810, it would be remembered that the number of notes in circulation was about 25 millions; but this excess was occasioned by the failure of two large houses in London, which produced a considerable sensation in the country. Bankers in the various principal towns then made demands upon the Bank, to insure themselves against a run upon their firms; but, within six months, the greater part of three millions was returned to the Bank of England, without having been employed.” The fact that so large a proportion of the increased issues had been returned to the Bank unemployed, proves that there was a principle of resistance in the channels of circulation to receive beyond a limited amount; or, in other words, that

being illustrative of the principle of limitation, which has been noticed as arising out of the rules, or rather the routine, by which the Bank was guided in its issues ; for it should seem that the Bank was as passive in the reduction of its discounts and of its issues between 1810 and 1813, as it had been in the enlargement of them between 1808 and 1810.

The reduction between 1810 and 1813, moreover, shows, accompanied as it was by a great fall of the exchanges, and a rise in the price of gold, how great and violent a contraction below that reduced amount would have been requisite to counteract the increased pressure on the exchanges, arising from the enormously increased, and progressively increasing, foreign expenditure of the government.

If the Bank directors had, at the close of 1808, acted resolutely upon the principle of regulating the issues by the exchanges, instead of being passive under a demand for discounts, there is reason to believe, as we have had occasion to observe, that, by a systematic and sustained effort, they might have succeeded in maintaining the value of their paper on a level with that of the gold in which it professed to be payable ; and that, by so regulating their issues, the trade of the country would have been preserved in a sounder state, while the government, if liable to pay a higher interest on the loans, would have had at least an equivalent, and perhaps a greater saving in the exchange. This, however, could only have been effected by early and precautionary measures adopted upon the first manifestation of the tendency to a great decline of the exchanges : for when the fall of the exchanges

there was in the system, irregularly as it worked, and imperfectly as it was explained, a principle of limitation which operated in counteraction of all the supposed motives and tendencies to constant excess.

had proceeded to the length which it had done between 1808 and 1811; and when, notwithstanding the enlargement of the Bank issues, the revulsion of prices and of credit had been so great as it was in 1810 and 1811; and when the foreign expenditure was proceeding on an increasing scale; an attempt on the part of the Bank directors to retrace their steps, with a view to raise the value of their paper to that of the gold, for which there was an increasing demand, would have entailed the necessity of so violent a contraction, as, without insuring its object, would have aggravated in an extraordinary degree the commercial distress which then prevailed.

But it is of importance to remark, that whereas, during the very considerable enlargement of the issues in 1810, when they reached an amount beyond the average of what they were subsequently until 1813, prices generally fell, so, with *diminished circulation* of Bank of England notes in 1811 and 1812, the prices of corn and other European produce rose considerably: and again, with an increased circulation in 1813, those same articles which had so risen, fell most rapidly. The negative of the so often imputed connection between the issues of the Bank and the prices of wheat, will strikingly appear from the following comparison:—

Average Circulation of Bank Notes of 5 <i>l.</i> and upwards in the three Months ending		Average Price of Wheat in the Weeks ending			
				<i>s.</i>	<i>d.</i>
31 Dec. 1809	- 14,464,730	31 Dec.	1809	- 102	3
Do. 1810	- 16,873,760	Do.	1810	- 97	1
Do. 1811	- 15,413,310	Do.	1811	- 106	8
30 June 1812	- 15,458,660	30 June	1812	- 133	10
30 Sept. 1812	- 15,833,770	{	31 Aug. 1812	- 155	0
			30 Sept. 1812	- 131	0
31 Dec. 1812	- 15,647,350	31 Dec.	1812	- 121	0
Do. 1813	- 16,092,590	Do.	1813	- 73	0

The reduction of Bank issues between 1810 and 1813 is remarkable, not only as accompany-

ing a rise, and an extraordinarily high range of prices of European produce, but as being followed by a renewed fall of the exchanges, and a great rise in the price of gold. Thus, at the close of 1811, the exchange on Hamburg, although the circulation was less by near a million and a half than at the close of 1810, fell from 31*s.* 9*d.* to 24*s.*, and the price of gold rose from 4*l.* 4*s.* 6*d.* to 4*l.* 19*s.* 6*d.**

Notwithstanding this great fall of the exchanges, and the rise of the price of gold, there is every reason to believe that the quantity of money, relatively to the transactions of the country, was less in 1811, than it had been before or has been since.† The amount of the Bank circulation was

* In order to show how much of the fluctuation of the exchanges was dependent upon the greater or less obstruction of the channels of intercourse, it may be observed, that the quotation on Hamburg, in the early part of 1813, rose to 30*s.* 6*d.*, being an advance of near 25 per cent., while the price of gold *coincidentally* rose to 5*l.* 5*s.*, or upwards of 5 per cent.

† In an article of the Edinburgh Review for 1811, containing a critique on several publications of that period on the currency, the writer, while agreeing to consider the divergence between the paper and its standard as constituting a depreciation of the paper, calls in question the peremptoriness of the conclusions of Mr. Ricardo and Mr. Huskisson, that the fall of the exchanges necessarily implied an increase and excess in the amount of the currency of this country, and illustrates his own view by the following hypothetical cases, of which the last represents the state of things as, it appears to me, it actually existed, with reference to the currency, in 1811:—
“In the case of a diminished supply from the mines, or a greater consumption of the precious metals in some of the principal states of Europe, an immediate demand would be felt in the rest for bullion to be exported; the market price of bullion would be raised for a time above the Mint price, the notes of the different banks would return upon them to be exchanged for coin, which would be sent abroad. The consequence would be, that the whole currency, consisting still of the same proportion of paper to coin, would be diminished in quantity and raised in value; the market price of bullion would soon sink to the Mint price; the exchanges, which had been unusually unfavourable, would be restored to their accustomed state; and no other

lower than it had been in the year preceding, or has since been. And the country bank and the general credit circulation must have been greatly reduced by the extraordinary number of failures, and the general state of discredit then prevailing.

Mr. George Rose remarked, and dwelt at some length, on the presumptive evidence of there being a reduced amount of circulating medium in 1811, as compared with the period anterior to the restriction. And if he was right in his computation, by which he made out that the quantity of gold in circulation had been, in 1798, forty millions, it must have been beyond question, that the total of the circulating medium, in 1811, must have been less than in 1798. Mr. Rose, after stating the grounds for his computation of the quantity of gold, went on to say,

effect would be felt, than a general fall of prices throughout the commercial world.

“ Now if, in the case last supposed, the paper of one of these countries were not convertible into coin, and very little specie remained in circulation, it is quite clear that the currency would not have the means of assimilating itself to the currencies of the nations with which it was connected; the market price of bullion would rise very greatly above its mint price; all the gold which could readily be collected, would be exported; but as this would be inconsiderable, and as the great mass of paper would remain undiminished, or perhaps slightly increased to supply the vacancies occasioned by the gold exported, the great excess of the market price of bullion above the mint price, and the very unfavourable exchanges, would become permanent, (subject, however, still to variations occasioned by the balance of trade and payments,) and the currency of such a country would be, to all intents and purposes, depreciated, when compared with gold and silver and the currencies of other countries, just as it would be from an original excess of paper issues, *although, on the whole, taking paper and guineas together, the amount of the currency might not be increased by a single pound.*”

“ If, then, in estimating the coin in 1798, we rate it, instead of			
40,000,000 <i>l.</i> , at	-	-	£ 35,000,000
The Bank of England notes then in circula-			
tion were	-	-	11,278,000
			<hr/>
			£ 46,278,000
Coin in circulation now (perhaps a high			
estimate)	-	-	3,000,000
Bank of England notes in circulation		23,000,000	
			<hr/>
			26,000,000
			<hr/>
			£ 20,278,000
			<hr/>

“ Here, then, is a sum of 20,000,000*l.* in the whole less than in 1798, notwithstanding the immense increase of our revenue, commerce, and manufactures ; from which, however, should be taken the amount in deposit in the Bank, whatever that may be.”

There is no doubt that the amount of gold above stated is an exaggerated estimate ; and the country bank circulation is wholly omitted. At the same time it is doubtful whether the country circulation, reduced as it had been by failures and general discredit in 1811, was then, except by the amount of small notes, which may be taken to have been at the utmost from four to five millions, larger than it had been immediately previous to the commercial revulsion in 1792-3.* While, on the other

* In the Report of the Lords' Committee on cash payments in 1819, (p. 12.) a reference is made to the estimates formed of the amount of the country bank circulation from the stamps issued.

“ From these materials” (the committee observe) “ these calculations have been drawn. The committee are inclined to think, that of these two approximating estimates, the second is best adapted to their view of the subject ; but they submit them both to the House, with a full sense of the imperfection to which they are necessarily liable.

F 7.		F 8.	
21,374,000	- 1810	-	21,819,000
20,977,000	- 1811	-	21,453,000
20,047,000	- 1812	-	19,944,000
“ 22,342,000	- 1813	-	22,597,000”

The computations are then given for the five years following, which will be noticed hereafter. And the committee very judiciously add, “ These estimates must not only be very far

hand, it is hardly possible to conceive that the enormously increased pecuniary transactions of the country did not, notwithstanding the continued improvements in economising the use of Bank notes, require, in 1811, an increased circulating medium, as compared with the period preceding the restriction.

But although in the state of discredit and distress, which prevailed in 1811 any attempt at forced contraction by the Bank of its issues, would have been in the highest degree unadvisable, the case was very different in 1813. Commercial credit and general confidence had been restored. The country circulation was evidently experiencing a renewed extension. And although corn and other European produce was falling, a general spirit of speculation was manifesting itself upon the prospect of peace, in a great rise of prices of all colonial produce, the eventual extravagance of which has been described (p. 347.).

Under these circumstances, combined with the prospect then in view of an approaching termination of the war, an effort might and ought to

removed from accuracy, respecting any particular year, but many causes of uncertainty attach to them, even if they were considered merely as affording data for calculating the relative circulation of different years." There is, indeed, every reason to believe, that these estimates are *very far* removed from accuracy respecting any particular year, the amount being obviously overrated; and if they were to be considered as affording data for calculating the relative circulation of different years, the inference to be drawn from them would be strangely incongruous with the currency theory. According to one of these estimates, the amount of country bank notes was less by 1,300,000*l.*, and in the other, by nearly two millions, in 1812 than in 1810. And we have already had occasion to observe, that the circulation of the Bank of England notes of 5*l.* and upwards was also less in 1812. How, then, consistently with that theory, is a rise of 50 per cent. in the price of corn from 1810 to 1812 to be explained, *supposing* these calculations of the country bank issues to be correct?

have been made by the Bank, to counteract the increasing pressure of foreign payments, and the increasing depreciation of its paper compared with its standard, by a reduction of its circulation. Such a measure would have involved a departure, by the Bank, from the system which the directors avowed and defended ; and it was, therefore, not to be expected. But it would have been in every point of view beneficial. It would have repressed, in some degree, the extravagance of speculation, on the prospect of a peace, in exportable commodities, and thus have prevented some of the great losses of the two following years. It would, indeed, at the same time, have accelerated the fall of agricultural produce, which was already in progress ; but an accelerated fall, instead of being injurious, would, in 1813, have been beneficial to the agricultural interests. If, instead of the lingering fall between the harvest of 1813 and the close of 1815, the price of wheat had fallen, as, but for the resistance of the farmers (aided by the facility with which, being in good credit, they could obtain advances), it ought, by at least 10s. per quarter more than it did in the autumn of 1813, the ports would have been shut, under the corn law of 1804, and a great part, of the importation of 1813, and the whole of that of 1814, would have been kept out, and the markets would not have been so much depressed as they were in 1815. The foreign payments would have been diminished by that amount, and by a reduced scale of importation of other European produce ; but in a much more important degree would they have been diminished by the less unfavourable exchanges which would have been the consequence of a forcible contraction of the circulation.

But although the circulation was not contracted in 1813, as it ought to have been, there was very little extension of it—indeed, hardly any worth mentioning ; the whole increase of that year, or of the

last six months of it, being only from two to three hundred thousand pounds, in notes of 5*l.*, and upwards, beyond what it had been in 1812: and the entire amount, namely, sixteen millions, was considerably below that which was soon after found to be compatible with a rise of the exchanges and a fall of the price of gold to par: thus affording the strongest possible presumption, that the quantity of money was not greater in 1813, than might, but for the great and increasing pressure of the enormous foreign expenditure, have been maintained in a convertible state of the currency.

SECTION 11. — *Summary of the preceding Survey.*

As the result of the view thus presented of the great variation of prices, in connection with the state of the circulation, during the interval here under consideration, it appears—

1. That there were four deficient harvests in succession; viz. 1809, 1810, 1811, and 1812. The scarcity arising from the deficiency of the two first, was relieved by a large importation, chiefly from France, and from ports under the dominion of France; but in the two last years, there being a severe dearth also in France, and the charges of importation being nearly 50*s.* per quarter, the deficiency of our own crops was unrelieved by any foreign supplies worth mentioning.

2. That immediately after the harvest of 1813, of which the crops were abundant, and after the opening of the ports of the Continent, while the charges of importation, although still high, were greatly reduced, the prices of corn fell rapidly, and before the end of that year were more than 50 per cent. lower than they had been in 1812.

3. That the great fall in the prices of corn, and of all European produce, in the last six months of 1813, was preceded by an enlargement of the Bank

circulation, and was coincident with a great rise in the price of gold : on the other hand, a rise of the prices of corn and other European produce in 1811 and 1812, had been immediately preceded by some reduction of the amount of Bank notes : thus affording a conclusive negative of the imputed influence of the amount of the circulation, in having produced the great rise and subsequent fall of those descriptions of produce.

4. That in the great fluctuation of prices observable in this interval, while corn and other European produce, of which, from the seasons, combined with obstructions to importation, there was a great scarcity, rose very considerably, all other descriptions of produce and manufactures (except in as far as these were raised in value by the high price of the raw materials) experienced a great fall of prices, and were, in the great majority of cases, lower in 1811 and 1812, than they have been on an average since 1819 : on the other hand, when corn and other European produce began to fall, all other produce, which had previously been low, began to rise ; and the further progress of the fall of the former, and of the rise of the latter, proceeded almost simultaneously, and with nearly equal rapidity in opposite directions : thus proving that they were under the influence of opposite causes ; whereas it is the character of depreciation arising from increased quantity of money, to raise all prices, although some more and some less, according to the nature of the articles.

5. That the great fall in the prices of corn and other European produce, in 1813, occurred while the expenditure of government in the prosecution of the war, defrayed by loans, was proceeding on a scale of greater magnitude than in any former period of the war, or, indeed, than in any former period of our history : thus negating the theory of war-demand in accounting for the previous rise of prices ; because, if war-demand raised the prices,

why did it, when on an increased scale of expenditure, suffer them to fall?

6. That the rise of prices on the Continent of Europe, and in France especially, between 1809 and 1812, had been as great, relatively to their usual rate, as in this country; and the rise was more general, inasmuch as while sugar and coffee, and all articles of transatlantic produce, were in this country extremely low, they were on the Continent extravagantly high. Thus, coffee and sugar in bond, which would not fetch 6*d.* the pound in this country, were worth from 5*s.* to 6*s.* the pound in France; and all other transatlantic produce was high there in the same proportion.

7. That a fall in the prices of corn and other European produce, took place in France, and on the Continent of Europe, in 1813, fully equal to, or rather exceeding, the fall in this country. And as that fall was coincident with the lowest state, in point of quantity, of the precious metals in this country, and consequently with the largest addition that was at any time made from hence to the stock of bullion on the Continent, a fresh proof is afforded of the absence of the influence ascribed to the disengagement from, and the reabsorption by, this country, of the quantity of gold requisite to sustain a convertible state of the paper.

8. That the unusually large government expenditure abroad, and the extraordinary sums paid for freights to foreigners, during the greater part of the interval under consideration, while the Continent was almost hermetically sealed against exports from this country, (so that a vast amount of transatlantic produce and manufactured goods, which would, in an ordinary state of commercial intercourse, have served to discharge the greater part or the whole of those payments, were locked up and unavailable,) account for the great pressure upon, and the low state of, the exchanges, without the supposition that an excess of paper (except by mere comparison with

its standard), was the originating and determining cause of that depression.

9. That, according to all the means accessible for forming a computation of the amount of the circulating medium, there was no such increase of it, taking into consideration the greatly extended pecuniary transactions of the country on the one hand, and the tendency to an economised use of the currency on the other, as would not have been compatible with a maintenance of the value of the paper on a level with that of gold, had it not been for the enormous foreign expenditure, which, under the extraordinary impediments that existed to the export of commodities to the Continent of Europe, operated as a violently depressing cause upon the exchanges, and conferred a great temporary increase of value on gold.

10. That there were causes in operation, arising out of the circumstances affecting the cost of production, and the supply of and demand for each commodity, which account fully for the great variations of prices during the period under consideration, without having recourse to the supposition of alterations in the quantity of money as having been calculated to produce those effects. And that, as far as presumptive evidence goes, there were no such alterations of the quantity of money occurring in such order of time as to justify the assignment of them, in the relation of cause and effect, with the great variations of prices which are observable in the period that has passed under consideration.

END OF THE FIRST VOLUME.

A
HISTORY
OF
P R I C E S,
AND OF
THE STATE OF THE CIRCULATION,
FROM 1793 TO 1837;

PRECEDED BY
A BRIEF SKETCH OF THE STATE OF THE CORN TRADE
IN THE LAST TWO CENTURIES.

BY
THOMAS TOOKE, ESQ. F.R.S.

IN TWO VOLUMES.

VOL. II.

LONDON:
PRINTED FOR
LONGMAN, ORME, BROWN, GREEN, AND LONGMANS,
PATERNOSTER-ROW.
1838.

LONDON :
Printed by A. SPOTTISWOOD,
New-Street-Square.

CONTENTS

OF

THE SECOND VOLUME.

PART IV.

HISTORICAL SKETCH OF PRICES, AND OF THE STATE OF THE
CIRCULATION, FROM 1792 TO 1837.

CHAPTER VI.

	Page
State of prices and of the circulation, from 1814 to 1818 -	1
SECT. 1. Fall of the prices of corn from the close of 1813 to the commencement of 1816 - - - -	2
SECT. 2. High prices of exportable commodities in the spring of 1814	5
SECT. 3. Fall of prices between 1814 and 1817 of productions other than those of corn - - - -	8
SECT. 4. Rise of the prices of corn in this country and on the Continent, from 1815 to the summer of 1817 - - - -	13
SECT. 5. Fall of prices of corn in this country and in France in the summer of 1817, and the state of the corn trade till the close of 1818	19
SECT. 6. Prices of commodities from 1816 to the close of 1818 -	23
SECT. 7. State of the circulation from 1814 to 1818 -	28
SECT. 8. Summary of the preceding survey - - - -	55

CHAPTER VII.

State of prices and of the circulation, from the commencement of 1819 to the close of 1822 - - - -	60
SECT. 1. State of the question at the commencement of 1819, with a view to determine upon the future footing of the currency - -	60
SECT. 2. Markets for commodities from 1819 to 1822 - - - -	77
SECT. 3. Prices of agricultural produce from 1819 to 1822 - - -	79
SECT. 4. State of prices on the continent of Europe - - - -	86
SECT. 5. State of the circulation from 1819 to 1822 - - - -	94
SECT. 6. Summary of the preceding survey - - - -	116

CHAPTER VIII.

State of prices and of the circulation, from the commencement of 1823 to the close of 1827 - - - -	120
--	-----

	Page
SECT. 1. Variations of the corn trade in 1823, with reference to the asserted influence of an enlarged circulation of paper in that year	120
SECT. 2. Prices of agricultural produce from 1824 to 1827, examined in connection with the circulation	132
SECT. 3. State of markets for produce and commodities other than corn, from 1823 to 1825	140
SECT. 4. Speculations in foreign loans and in shares in 1824 and 1825	148
SECT. 5. Fall of the prices of goods after the spring of 1825	154
SECT. 6. Recoil of markets for loans and shares after the spring of 1825	158
SECT. 7. Commercial discredit and pressure on the money market following the spring of 1825	160
SECT. 8. State of the circulation from 1823 to 1827	172
SECT. 9. Summary of the preceding survey	190

CHAPTER IX.

State of the prices and of the circulation from the commencement of 1828 to the close of 1832	193
SECT. 1. Prices of corn from 1828 to 1832	194
SECT. 2. State of markets for produce and commodities other than corn from 1828 to 1832	209
SECT. 3. State of the circulation from 1828 to 1832	214
SECT. 4. Summary of the preceding survey	223

CHAPTER X.

State of prices and of the circulation, from the commencement of 1833 to the close of 1837	225
SECT. 1. Fall of the prices of wheat from the harvest of 1832 to the close of 1835	226
SECT. 2. State of trade and manufactures, and prices of commodities, from the commencement of 1833 to the close of 1835	240
SECT. 3. Prices of agricultural produce in 1836 and 1837	257
SECT. 4. State of markets for produce other than those of agricultural produce, in the years 1836 and 1837	264
SECT. 5. Joint-stock banks, and other joint-stock companies, and the speculations in the shares of these from 1833 to 1837	274
SECT. 6. State of the circulation from the commencement of 1833 to the close of 1837	279
SECT. 7. Summary of the preceding survey	342

CHAPTER XI.

General view of conclusions to be derived from the preceding historical sketch of prices; and concluding remarks on the currency	346
SECT. 1. General view of the causes of the high prices from 1793 to 1814	346
SECT. 2. General view of the causes of the decline and comparatively low range of prices from 1814 to 1837	348
SECT. 3. Concluding remarks	349
APPENDIX	355

PART IV.

HISTORICAL SKETCH OF PRICES, AND OF THE STATE OF THE CIRCULATION, FROM 1792 TO 1837.

(Continued from Vol. I.)

CHAPTER VI.

STATE OF PRICES AND OF THE CIRCULATION, FROM 1814 TO 1818.

THE epoch which is now to come under consideration, embraces nearly the whole interval between the close of the war and the termination of the Bank restriction. And this interval, with that which has just passed under review, comprises nearly all the debateable ground of the *imputed effects* of the suspension of cash payments in raising prices beyond the difference between paper and gold.

As in the instance of the epoch which has just passed, it will be found convenient in the present to make a subdivision of the interval about to be examined into two periods; namely, the one embracing the fall of prices from 1813 and 1814, to 1816 and 1817; and the other, the rise of prices from 1816 and 1817 to 1818.

SECTION 1. — *Fall of the Prices of Corn from the Close of 1813 to the Commencement of 1816.*

The prices of corn, which had fallen rapidly, while transatlantic produce had been as rapidly rising in the last six months of 1813, continued, but more slowly, to fall in the early part of 1814, the average having declined by the end of July, for

			s.	d.
Wheat to	-	-	66	5
Barley —	-	-	33	0
Oats —	-	-	23	3

The fall would probably have been more rapid, in consequence of the great stock on hand, had it not been for the character of the season, which was remarkably backward and unpromising. The winter of 1813-14 is still known as the severest and the longest of any in the present century; and the spring, as in all cases, when following a winter of unusual severity, was cold and ungenial. The wheat in consequence bore an unpromising appearance; and the harvest being very late, and attended in its progress by variable, and, upon the whole, inclement weather, some speculation arose, and the prices experienced a momentary advance before the completion of the harvest, of nearly 10s. the quarter. The apprehensions that had been entertained of injury to the crops were, to a considerable extent, confirmed; for it turned out that the wheat generally had been much affected with blight and mildew, and was considered, upon the whole, inferior in quality, and much below the former year in quantity. But the increased breadth of cultivation, the large surplus from the superabundance of the produce of 1813, and an unexpectedly large importation of foreign corn (about 800,000 quarters of wheat, and a like quantity of

oats), overpowered the markets, and the prices thenceforward declined again to the close of the year, when the average for wheat was 65*s.* 8*d.*

The following winter was a very open one, and the spring of 1815 rather wet, but forward *, and the appearances of the crops promising. These were depressing causes, but prices were prevented from falling so much as they would have done in the first six months of 1815, by two causes,

1. The renewal of the war on the return of Napoleon from Elba, there being then a prevailing opinion connecting war with high prices.

2. The discussion upon, and the eventual passing of the Corn Bill, which prohibited the admission of foreign grain for consumption, till the price of wheat should reach 80*s.*, and other grain in that proportion, giving an impression that the price would not for any length of time fall below that rate, and probably imparted a temporary confidence in the recovery of the markets.

But these causes of a slight rally gave way to the continued abundance of the supplies, of which a part still consisted of the crop of 1813.† And as the harvest was forward, the crops abundant, and the weather for the securing of them (subject to

* In a meteorological report for the month, from the 24th of May to the 24th of June, 1815, is the following remark:—"The spring itself is, in almost all respects, much forwarder than any one since the year 1794. The best guide to this is the price of vegetables. In 1794, peas were, on the 19th of May, 1*s.* 6*d.* the peck; a price for which they were sold about the 31st of the same month this year: whereas we have known them in the intervening twenty years, frequently from three or four to eight or ten times that price, in the early days of June."

† Mr. David Hodgson, on being asked by the Agricultural Committee, in 1821, "When you say you have every reason to believe that 1813 was the greatest crop you have ever known, you have other reasons for that opinion?" answered, "We have other reasons, and general observation from the time that the grain of that season remained in considerable quantity, I think two or three years afterwards."—Page 264.

some few casualties), on the whole propitious, the markets resumed their tendency downwards, and the averages at the end of the year 1815 were for

			s.	d.
Wheat	-	-	53	7
Barley	-	-	25	11
Oats	-	-	19	9

In the few weeks following there was a further trifling decline, the average in January 1816 having been for

			s.	d.
Wheat	-	-	52	6
Barley	-	-	24	8
Oats	-	-	18	7

This was a lower point of depression than had occurred in the prices of corn since 1804.

The prices of cattle and sheep had risen considerably in 1813 and 1814, and were higher in 1814* than they had been during any previous period, with the exception of a few months after the great scarcity of 1800; but in the course of 1815, a considerable fall took place, and the speculations of cattle dealers turned out very ruinously at the close of that year and in 1816.†

* The quotations of Smithfield market were, in March 1814,

Beef	-	6s. to 7s. per stone.
Mutton	-	7s. to 8s. 6d.
Veal	-	6s. to 8s.
Pork	-	7s. to 10s.

This was partly owing to the high prices of provender in 1811 and 1812, while meat had been comparatively low; and partly to the extreme severity of the winter of 1813 and 1814, which had caused considerable mortality among the sheep, and generally reduced the quality of the cattle.

† On this occasion of the great fall in prices, Mr. (now Lord) Western called upon the legislature, as he had before done upon a similar great fall of prices, and consequent agricultural distress in 1804, for a remedy; and as on that occasion, he, on this, gave a very rational account of the fall of prices, and the consequent distress of farmers and landlords. "The full effect (he said, on moving in the House of Commons

SECTION 2. — *High Prices of exportable Commodities in the Spring of 1814.*

While the events were in progress which led to the restoration of the Bourbons and the peace of Europe, in the spring of 1814, the speculation in exportable commodities which had its first rise in the dawning prospects of the emancipation of the Continent, at the close of 1812 and the beginning of 1813, reached its height. The prices of all colonial produce, and of other articles of export, including native productions, such as alum, lead, and tin, and many descriptions of manufactures, which had long been waiting a market, advanced very considerably, some beyond all precedent, as has been seen by the table inserted in the last Chapter. The extraordinary demand arising out of that speculation for the manufactures of this country, occasioned such an extra employment of workmen in the manufacturing districts, as entitled and

for a committee on agricultural distress, in March 1816,) of all our improvements has just been completely realised, and two or three good harvests, from this extended and improved agriculture, together with continued import, and demand reduced, has occasioned such a surplus in the market as very obviously accounts for the first depression of price." But singularly enough, Mr. Western, ten years afterwards, discovered that the fall of prices was owing to the currency. In a letter addressed by him in 1826, to Lord Liverpool, there is, among others to the same effect, the following passage :—" Can there be a doubt, I repeat, now, that the very first commencement of our difficulties, the first depression of agriculture and commerce in 1815 and 1816, were caused altogether by the contraction of the currency ? "

In this, as in similar instances, the landed interests having had the full benefit of a rise of prices beyond the ratio of deficiency, have sought, at the expense of the rest of the community, to be exempted by legislative interference from the consequences of restored abundance.

enabled them to command a considerable advance of wages.* And as while wages were thus advanced, there had been a considerable fall in the prices of provisions, the manufacturing population were in a more satisfactory state than they had been in during any part of the twenty years preceding.

But that rise of the prices of exportable produce and manufactures which proved to be so ephemeral, as being founded upon the most unwarranted expectations of demand *in consequence of the peace*, and of the renewal of commercial intercourse with the Continent, has been the occasion of the most absurd conclusions conceivable.

Tables of those extravagant prices, constituting the declared value, as contradistinguished from the official value of the Custom-house returns of exports, have been referred to as proofs of the depreciation of the currency up to that time; and the subsequent fall of prices of those same articles, as compared with the prices of the spring of 1814, has been considered as affording undeniable grounds for the inference of an increased value of money. The late Alderman Waithman, and Mr. (now Lord) Western, brought forward statements to that effect in the House of Commons, upon occasion of discussions on the currency, as being illustrative of their views of the effect of the Bank restriction in depreciating, and of the resumption of cash payments in restoring, the value of money; assuming,

* In the evidence of Richard Needham, an operative handloom weaver, examined by a Select Committee of the House of Commons, on Manufactures, Commerce, and Shipping, in 1833, he is asked (11,889), "Can you remember what the reason was that the price of weaving sixty-reed cambrics was so high in 1814?" Answered, "It was in consequence of the battles of Leipsic and Dresden. A general opinion prevailed that if we could succeed in destroying the power of Bonaparte, wages would get up, and prices would be confirmed to this country for ever; and prices got up to an enormous height, and they came down as fast."

as they seem to have done, that the Bank began to prepare by a contraction of its issues in 1814, for a resumption of cash payments. The late Mr. Mundell brought forward similar tables in support equally of the doctrine of depreciation and appreciation, but as arising from a cause distinct from the alterations in the system of our currency. He, and some other writers with him, have ascribed the high range of prices of that period to the progressive increase of the produce of the American mines up to a certain time *, and the subsequent decline of prices to the falling off of the supply since that time.

But the facts of the case will not accommodate themselves to either theory. If the Bank restriction, or the increasing produce of the mines, is to account for the high prices of exportable produce and manufactures in 1814, how happened it that the prices should have been so low in 1810 and 1811, when both these causes of depreciation were at their height? and how happened it that while exportable productions were rising, corn and other European produce were falling? The causes of the rise of articles of export have been sufficiently shown in the extravagance of the spirit of speculation, which prevailed on the opening of the markets of the Continent of Europe by the peace. And we have now to see what were the causes of the great fall, between 1814 and 1817, of all the articles that had so risen.

* The rate of increase terminates in 1810, but the theory supposes that the full effect of the increase had not been felt till 1814, and that we have since felt the effects of the falling off of the supply. At the same time the remark that has before been made may here be repeated, namely, that whatever may be the influence ascribed to variations in the produce of the mines, they have not necessarily a bearing on the question of the effects of the Bank restriction.

SECTION 3. — *Fall of Prices between 1814 and 1817 of Productions other than those of Corn.*

A slight consideration will serve to show, that a reverse, from speculations so entered into and conducted as those which have been described ; was inevitable.

The shippers found to their cost, when it was too late, that the effective demand on the Continent for colonial produce and British manufactures had been greatly over-rated ; for whatever might be the desire of the foreign consumers to possess articles so long out of their reach, they were limited in their means of purchase ; and accordingly the bulk of the commodities exported brought very inadequate returns. The low prices, which alone the consumers abroad were able to pay, were still further reduced in value by the advance in our exchanges, which was accelerated by the very extent of those shipments. And it is a well known fact, that the losses upon a large proportion of the goods shipped to the Continent, in the spring and summer of 1814, were very great ; not less, I have reason to believe, from what I heard at that time of the result of many of them, than 50 per cent. In some few instances, by rare good fortune, there might be a gain, but in as many there was a total loss. Cases of more aggravated loss occurred where the shippers, unwilling to incur so heavy a sacrifice as would be entailed by remittances at an exchange becoming daily more unfavourable for them, were induced to receive returns in goods which, from this and other causes, coming in excessive quantities, could not be sold here within 30, 40, and sometimes 50 per cent. of the cost ; a process by which, including loss of interest, it may easily be conceived that the whole value of the original investment might be nearly absorbed. The disastrous effects of these ill-judged and extravagantly extensive speculations

began to manifest themselves in the numerous failures which took place towards the close of 1814; these continued increasing in number, as the several losses were ascertained, through 1815 and the early part of 1816.

Among the articles that figured most in point of importance and value, in the tables which have been referred to, as exhibiting the prices of 1814 in contrast with the reduced rates which have since prevailed, were cotton goods. Now, as the price of raw cotton had risen between 1812 and 1814, on a twofold ground, namely, the war in which we had become involved with the United States of America, and the speculations on the opening of the Continental markets; so the return of peace with America, and the recoil of the speculations in exports, account for a great part of the subsequent fall. And a further fall is accounted for by the diminution, which was progressive for some time after, in the cost of production in the United States; the indisputable proof of which is in the great extension of the growth at the reduced prices. But the manufactured article has fallen, not only in its former ordinary proportion of value to the raw material, but in a much greater ratio in consequence of the wonderful progressive improvement of the machinery applicable to cotton goods.* Indeed, the progressive improvement of machinery applicable to every description of manufactures, accounts for all the reduction of the declared value in those tables, beyond that which is attributable to the difference in the cost of production of the raw material.†

* See Mr. Baines's History of the Cotton Trade; Mr. McCulloch's Commercial Dictionary; also his Statistics of the British Empire; Dr. Ure's Philosophy of Manufactures; and Mr. G. R. Porter's Progress of the Nation.

† Mr. Babbage, in his extensively useful, and deservedly popular work on "The Economy of Manufactures," gives a variety of examples of the extraordinary reduction of cost in

It was not of cotton only, that there had been an increased supply. In the greater part of other raw materials, there was in 1814 and 1815, a transition from comparative scarcity to abundance.

The excess of the importations in those two years, as compared with 1811 and 1812 (the Custom-house returns of 1813 were destroyed by fire), will appear from the following statement of the official values which represent quantities : —

	£		£
1811	28,626,580	1814	36,559,788
1812	28,595,426	1815	35,989,650

£ 57,222,006

£ 72,549,438

being an increase of supply much beyond the utmost probable increase of the rate of consumption within so short a period.

This excess of importation, accompanied as it was by a general impression, that in consequence of the peace, not only was the cost of production by the lowered freights and insurance greatly diminished, but that fresh sources of supply, at a further reduction of cost, would be opened, rendered a fall of prices inevitable. There was not only an actual temporary excess at a reduced cost, but an anticipation of contingent supplies from extended sources, at a probably further reduction of cost.

the production of several articles, 'and more especially of some descriptions of hardware.

After enumerating several causes to account for the general fall of prices, he remarks : " The result of my own observation leads me to believe, that by far the most influential of the causes has been the invention of cheaper modes of manufacturing. The extent to which this can be carried, while a profit can yet be realised at the reduced price, is truly astonishing, as the following fact, which rests on good authority, will prove. Twenty years since, a brass knob for the locks of doors was made at Birmingham; the price at that time being 13s. 4d. per dozen. The same article is now manufactured, having the same weight of metal, and an equal, or in fact a slightly superior finish, at 1s. 9½d. per dozen."—3d Edition, 1832, p. 158.

The following are specimens of the fall experienced in the markets for transatlantic produce :—

	Highest prices in 1813-14.	Lowest prices in 1815-16.
Coffee, Jamaica, per cwt.	- 118s. 142s.	77s. 104s.
— St. Domingo -	- 116s. 126s.	62s. 66s.
Sugar, Gazette account	- 97s. 2d.	45s.
— Havannah, white	- 110s. 134s.	44s. 50s.
Cotton, bowed Georgia, per lb.	2s. 4d. 2s. 6d.	1s. 2d. 1s. 4d.
Cochineal -	- 47s. 52s.	23s. 28s.
Indigo, East India, superior	- 12s. 16s.	8s. 9d. 10s.
Pepper, black -	- 20d. 21d.	7d. 7½d.
Tobacco, Virginia -	- 1s. 10d. 5s. 6d.	5½d. 10d.
Logwood, per ton -	- 22l. 23l.	6l. 6l. 10s.

In the recoil from the speculations of 1813 and 1814, in articles of export, copper, lead, and tin, which had then risen considerably, experienced a great decline in 1816, thus :—

	1813-14.	1816.
Copper, per ton -	140l.	85l.
Lead — -	33l. 34l.	18l.
Tin — -	174l.	102l.

Of Baltic produce the fall had commenced when exportable productions were rising; the decline continued through 1815 and 1816.

The fall of prices of the different descriptions of produce here referred to was irregular; but in the greater number of instances the lowest point of depression in the interval between 1814 and 1817 was in 1816 and the early part of 1817 (when, as will be seen, the prices of corn had already experienced their greatest advance).

The shipping interest, too, was, in this interval between 1814 and 1817, undergoing a very considerable depression. There was, indeed, in consequence of the peace, a more extended sphere of employment of tonnage, inasmuch as the intercourse with the whole of the north of Europe, which had been carried on between 1807 and 1814 exclusively by foreign vessels, was now thrown open to British shipping. But this additional employment was more than compensated by—

1. The quicker voyages in consequence of the discontinuance of the detention of convoys and other impediments arising out of the war, thus rendering the same amount of tonnage equal to extended functions.

2. The large amount of tonnage discharged from the transport service.

3. The reduced cost of shipbuilding materials, which naturally reduced the value of all the existing shipping.

In the value of house property there was also a great decline, in consequence of the reduction of the cost of building materials.

Thus there was, from 1814 to 1816, a very general depression in the prices of nearly all productions, and in the value of all fixed property, entailing a convergence of losses and failures among the agricultural, and commercial, and manufacturing, and mining, and shipping, and building interests, which marked that period as one of most extensive suffering and distress. Of that great and memorable fall of prices, the principal part beyond that which was the effect of the seasons, and a recoil from the extravagant speculations in exportable commodities, is clearly attributable to the transition from war to peace; not from war, as having caused extra demand, but as having obstructed supply and increased the cost of production; nor to peace, as having been attended with diminished consumption, but as having extended the sources of supply, and reduced the cost of production.

In what sense, if in any sense, or in what degree, if in any degree, this fall of prices, as well as the subsequent rise can be connected with the state of the currency, will be the subject of a separate examination. In the mean time, it remains to examine the phenomena of the great rise of prices, which occurred from 1816 to the

close of 1818. Of this rise it is to be observed, as of the preceding fall, that it began variously, as applied to distinct articles at different times in 1817 and 1818. Indeed, several of the articles which are about to be alluded to, did not begin to rise till late in 1817, when corn had already fallen considerably, and nearly all of them continued in a very depressed state throughout 1816, while, as we are about to see, the prices of provisions were experiencing a very great rise.

Before however quitting the consideration of the circumstances which attended the fall of prices, and the state of agricultural and commercial distress which prevailed as the consequence of that fall, it is to be observed, that the labouring classes were in 1814 and 1815, and until the renewed rise in the price of provisions, in a comparatively satisfactory state; as the price of labour had not fallen in any thing like the proportion of the fall of the prices of necessaries. There were indeed complaints of workmen thrown out of employ, in consequence of the depressed state of so many branches of industry; and the reduction of the numbers of men in the army and navy created further a temporary surplus; but, notwithstanding these drawbacks, there is every reason to believe—indeed all the evidence of which the subject is susceptible, proves—that the great bulk of the working population were in an improved state, compared with that which they experienced in 1811 and 1812.

SECTION 5.—*Rise of the Prices of Corn in this Country and on the Continent, from 1815 to the Summer of 1817.*

The first observable tendency to an advance in the prices of corn, after their great depression at the close of 1815, was in the early part of 1816, when there arose a partial demand for *export of*

British wheat, there being no foreign then in bond, to the Continent of Europe, chiefly for the Mediterranean. But soon after this manifestation of *foreign demand*, which occurred in January and February 1816, there was a fresh cause of advance in the extraordinary severity of the spring. The winter generally had not been remarkably severe; but in February there was a frost of uncommon degree and duration, accompanied on the 6th and 7th of that month by a very heavy fall of snow, and thenceforward the weather was cold, and in every respect throughout the spring inclement. This circumstance producing apprehensions for the coming crops in this country, being combined moreover with accounts of scarcity *and rising prices in France and Germany*, occasioned a progressive rise of prices here, insomuch that in May the average of wheat had reached 74s., being a rise of upwards of 20s. from the average price of January preceding. At about which rate it continued for a few weeks in the uncertainty of prospects, the weather occasionally relaxing of its inclemency, although constantly of a low temperature for the season, and chiefly dry, till the beginning of July, when heavy rains set in, accompanied by cold stormy winds. The wet, boisterous, and cold weather continued almost incessantly thenceforward during the entire progress of the harvest throughout the United Kingdom; and thus completed the character of the season as the most inclement of any that had occurred since 1799.

The result of the corn harvest was, as might from such a season be expected, a lamentable deficiency in quantity, and a miserable inferiority of quality. Indeed, nearly all that had been saved of the crops was in so damp a condition, as to be unfit for immediate use; and if it had not been for a large surplus from former seasons, the rise of prices, great and rapid as it was, viz. to 103s. per

quarter before the close of the year, would have been much greater : for, high as the prices were, and certain as was the prospect early in the autumn, that the average price of wheat would soon exceed 80s., and thus open the ports, the balance of our imports for the whole year did not exceed about 100,000 quarters.

If there were not direct evidence that the same inclemency of the season as was experienced in this country, prevailed over the greater part of the Continent of Europe, the strongest presumption to that effect would be afforded by the circumstance of only so insignificant a supply having been obtained from abroad. But further and decisive proof exists, that great as was the deficiency of the harvest of 1816 in this country, a still greater scarcity existed in Germany and France, and in the South of Europe. The prices in those densely peopled portions of the Continent rose, in the spring of 1817, as a consequence of the deficiency of the preceding harvest, above the level of the prices in this country, and *it was a foreign demand alone* which caused the only advance that occurred in our markets after the close of 1816.

This fact is so important in its bearings on the question, how far the great rise in the price of corn between the commencement of 1816 and the summer of 1817 was caused by the state of our currency, as resulting from the Bank restriction, and so inconsistent with the supposition of any increase of local circulation, as having been the principal if not the only cause of the advance of prices, that all reference to it has been studiously, if not in ignorance, avoided by the partisans of the doctrine of depreciation. And for that reason it becomes essential to dwell upon it somewhat fully. The harvest of 1815 had not been generally on the Continent so productive as it was in this country, and prices had begun to rise there in the autumn of

that year. In Germany, and more especially in the south of it, and in France, the rise in the course of that year and in 1816 was very great.*

In August, 1816, the ports of France were declared to be open to importation free of duty. In November following, the French government, by an ordonnance, announced a bounty to be given on importation. And although by these measures considerable supplies were attracted from abroad, they proved to be insufficient to allay the alarm which seems to have been felt throughout France, but more especially in Paris †, at the prospect of famine, or rather at the existence of it; for the year 1816–17 is characterised by the French writers as a period of actual famine. The government, therefore, sent direct orders for purchases abroad,

* Of the great rise of prices in Germany the subjoined quotations furnish striking specimens :—

		per Winch. qr.
		s. d.
At Vienna,	3d March, 1815,	43 10
	23d Sept. 1815,	73 9
	12th March, 1816,	75 2
	and 14th Sept. 1816,	116 10
At Munich,	March, 1816,	57 2
	Sept. —	127 2
	Sept. 1817,	141 2
	June, 1816,	82 9
At Stuttgart,	Sept. —	127 1
	March, 1817,	138 7

(From Mr. Jacob's Report, 1826.)

Mr. J. B. Say gives the following as the average prices of wheat in the market of Roye, in Picardy :—

		liv. sh. den.	
1814	-	7 8 0	for the measure equal to 52 litres 2 centimes.
1815	-	11 12 7	
1816	-	20 5 3	

† The following statement, which I received from a channel that I can rely upon, of the weekly prices of wheat in the Paris market, shows how great and rapid was the advance in May, and in the early part of June, 1817, and how great consequently must have been the alarm of the French government at the prospect of increased scarcity :—

through agents, for its account.* And as, in the spring of 1817, the growing crops in that country presented an unfavourable appearance, those orders were extended, and became more urgent; inso-much that, this country being the nearest from which immediate supplies could be obtained, orders were received here in May of that year, by some of the principal houses in the corn trade, to buy and ship forthwith large quantities of wheat, which accordingly were exported chiefly from London to Havre, and others of the nearest ports of France. There were orders also for a quantity of American flour, which was lying at Liverpool, and which was purchased for account of the French government, at prices as high as 80s. per barrel and upwards. Purchases of wheat were likewise made for account of individuals for export to France. The whole quantity shipped thither from this country, in the spring

				Per Septier.		Per Winch. Qr.	
				fr.	cs.	s.	d.
1817.	Jan.	1.	-	52	0	-	77 7
	Feb.	5.	-	57	0	-	84 9
	Mar.	5.	-	55	50	-	82 10
	April	2.	-	57	0	-	84 9
		23.	-	60	0	-	89 7
	May	14.	-	63	0	-	93 10
		21.	-	66	0	-	98 6
		28.	-	75	0	-	112 0
	June	4.	-	82	0	-	122 5
		11.	-	92	0	-	137 6

* The purchases of wheat and flour by the government of France, in 1816 and 1817, both abroad, and in such of the departments of that country as were better provided than others, were computed to have cost, including the expenses of holding and of resale, a sum of seventy millions of francs, about 2,800,000*l.* sterling. The bounties on importation, in 1816 and 1817, were stated by the Custom-house returns to have amounted to 10,209,243 francs. (*De la Disette et de la Surabondance en France, par P. Laboulinière*, vol. ii. p. 414.)

Mr. J. B. Say also estimates the expenses incurred by the government of France, in measures of precaution against the famine of 1816 and 1817, as exceeding seventy millions of francs.

of 1817, is computed to have amounted to nearly, if not quite, 300,000 quarters. This casual and extra demand, leading to an expectation of further orders, and occurring coincidentally with apprehensions of another failing harvest in this country, in consequence of the unfavourable appearance of our own crops, naturally gave an impulse to the markets, which, by the middle of June, reached an average price of 117*s.* per quarter for wheat.

Here, then, is not only the notorious deficiency of the harvest of 1816 in this country, which was calculated of itself to raise the prices of provisions enormously, but also an unusual sudden and great demand for corn to be exported. This export too, be it observed, not being in the way of returns for previous imports, or as payment for an unfavourable balance of trade due *from* this country, was paid for by France, chiefly in gold transmitted *to* this country. And is it conceivable that, under such circumstances, the rise in our prices of corn can be ascribed simply and exclusively to operations between our government and the Bank on the currency, with a view to the increase of the issues of Bank notes, which by the way did not come out in time to perform the work which is supposed to have been designed for them? By what possible process can such a conclusion be come to, consistently with a knowledge of the facts which are here stated, and which do not admit of being controverted? According to what definition can it be contended, that this rise in the prices of corn, between the spring of 1816 and the summer of 1817, being coincident with an influx of upwards of seven millions of bullion into the coffers of the Bank, raising the amount of it to a sum of 11,668,260*l.*, — an amount beyond any that the Ban^k had ever before possessed, — should be considered as resulting from a depreciation of Bank paper; the trifling increase of notes, up to the

time of the utmost rise, having been in a very small proportion to the bullion purchased? Or could it be said, that the existence of the Bank restriction in this country deranged the currency of France, and compelled her to import very large quantities of corn, and to send gold hither in payment for the wheat and flour shipped thither from hence at a cost exceeding 115s. per quarter?

In truth, the actual state of the case was an inversion of the received hypothesis, namely, that, by the export from this country of the gold which was not necessary for our circulation, we diminished the value of gold abroad. In the present instance, as France sent her gold in payment to this country, and could not replace it with paper, she cannot have had more money, nor consequently a diminished value of her currency, so as to account for the prices of corn being higher *there* than *here*. Besides, in what sense could it by possibility be contended, that it was in consequence of the currency of France having been deranged by alterations in our currency, that, having exported corn in 1814 and 1815, she required a large importation in 1816 and 1817? The quantity of wheat imported into France, between the summer of 1816 and the spring of 1818, was no less than 1,935,566 quarters. In short, turn the theory which ascribes the rise of corn in 1816 and 1817 to the local influence of our currency in every way possible, consistently with the facts, and it will be found to fail wholly and in all its parts.

SECTION 6.—*Fall of Prices of Corn in this Country, and in France in the Summer of 1817, and the State of the Corn Trade till the Close of 1818.*

Immediately after the middle of June, 1817, the weather, both in France and in this country, became fine and favourable in the highest degree to the growing crops, so that, from having a back-

ward and sickly appearance, they became luxuriant and promising. Prices consequently declined in both countries; but in France more rapidly than here, because the French government, as soon as it was relieved from its apprehensions for the coming harvest, let out its stores of warehoused corn, and thus added to the natural causes of depression of the markets. Accordingly, the fall in the Paris markets, between June and September, 1817, was nearly 50 per cent. viz. from 92 fs. the septier (137s. the quarter) on the 11th of June, to 48 fs. (71s. 9d.) on the 17th of September. While the markets of this country, as they had *followed* the rise in France, so they likewise *followed* the fall: the highest price was on the 14th of June, when wheat, in Mark-lane, sold as high as 135s.; and the Gazette averages for grain at the end of June, 1817, were, for

Wheat	-	-	111s. 6d.
Barley	-	-	55s. 4d.
Oats	-	-	39s. 3d.

On the 27th of September the price in Mark-lane was as low as 74s. 4d.; and the average for the month of September was 77s. 7d.

Of the produce of the crops of 1817, various estimates were made, the prevailing opinion being that they were somewhat deficient. The weather, with the exception of some brilliant and very hot days in June and the beginning of July, till harvest, was wet and unfavourable, and the harvest itself was late; but the weather cleared up in the last few days of August, and it continued favourable through a great part of September. The prices, in consequence, then fell, as we have seen, and the fall of the averages was sufficient to close the ports in November of that year. But as the weather, during the greater part of the harvesting, though favourable in the main, was calm and foggy, with only short intervals in the day, of brilliant sun-

shine, and as the rains again set in before the harvest was fully completed, the samples of new wheat, when brought to market, were found to be damp and cold, and unfit for immediate use. There being at the same time very little old corn of good quality remaining, the few samples of the new, which were fit for use, were in great demand, and fetched high prices. The ports opened again in February following: and as the surplus of the old stock, at the harvest of 1816, had prevented prices from rising so much as, upon such a scarcity, they otherwise would have done; so the want of a surplus after so bad a harvest as that of 1816, prevented so great a fall of prices as might otherwise have been the consequence of a crop so little, if at all, below an average, as that of 1817. The averages at the close of 1817 were, for

Wheat	-	-	-	85s. 4d.
Barley	-	-	-	45s. 11d.
Oats	-	-	-	27s. 10d.

The season of 1818 was of an extraordinary character, and in some respects a contrast in the extreme to that of 1816. After a rather wet spring, dry weather commenced about the middle of May, and continued almost uninterruptedly, throughout the country south of the Trent, till the middle of September. * This drought of four

* Mr. Joseph Sandars, of Liverpool, has obligingly communicated to me a description of the season of 1818, from a memorandum book, in which he had, at the time of its occurrence, recorded his observations on it with reference to the corn trade, with which he was and is extensively connected. The following is an extract from it, which, with his permission, I insert:—

“ The harvest of 1818 was rather a singular one; the intensely hot and dry weather caused reaping to commence in July in the southern counties. Wheat was computed to be an average crop; but oats, barley, beans, and peas were supposed to be more than one half deficient. Beans were not one fourth of a crop. In the beginning of September there was neither

months' continuance, was more severe than any that had been experienced in this country since 1794. Apprehensions were in consequence entertained of stunted crops of every description of vegetation. Hay got up to 9*l.* and 10*l.* the load. Beans, peas, turnips, and potatoes were supposed to have totally failed. It was on the ground of anticipations of scarcity, in consequence of this character of the season, that British corn was bought freely on speculation, and that many farmers were induced to hold back their stocks: many persons, likewise, importers as well as dealers and farmers, reasoned erroneously on the operation of the corn laws, and supposed that, when once the ports were shut, having the monopoly of the home market, they would be secure of obtaining, at worst, within a trifle of the opening price of 80*s.*

When, however, towards the latter part of 1818, the importation of foreign wheat was found to be so large, amounting, as it did, by the end of the year, to upwards of one million five hundred thousand quarters, and at the same time the yield of our own crop was reported to be better than, from the smallness of the bulk of straw, had been expected, the markets for this description of corn gave way; the

grass nor turnips, and very few potatoes. In the south, it was computed that potatoes would not be one fourth of a crop. About the first week of September some rain fell, and suddenly the face of the country was changed; the fields, which had been perfectly white and brown, became green. Potatoes grew very fast. Turnips sprang up where none had appeared; and even spring corn began to come up. Great preparations had, however, been made to ward off famine. Immense quantities of barley, oats, and rye came from the Baltic; large quantities of Indian corn from America; and beans and Indian corn from Italy and Egypt. Hay came from New York, and barley from Constantinople. In October, oats were worth 5*s.* to 5*s.* 3*d.* per bushel of 45 lb.; barley, 8*s.* to 10*s.* per bushel of 60 lb.; wheat, 12*s.* to 12*s.* 9*d.* per bushel of 70 lb.; beans, 70*s.* to 80*s.* per quarter. The winter, however, was the mildest ever known, and there was plenty of grass all winter."

average price at the close of 1818 being 78s. 10d. per quarter. But, while wheat had thus fallen, although still at a scarcity price, all other descriptions of grain were considerably higher at the close of 1818 than they had been at the close of 1817: for instance —

		Dec. 1817.	Dec. 1818.
Barley	-	45s. 11d.	63s. 6d.
Oats	-	27s. 10d.	35s. 1d.
Beans	-	54s. 10d.	76s. 0d.
Peas	-	52s. 11d.	70s. 0d.

It is clear, therefore, that the relative prices were under the influence of the season, and that they were indicative of a general deficiency of produce; a circumstance which is to be specially borne in mind, when the subsequent fall of prices comes under consideration.

SECTION 7. — *Prices of Commodities from 1816 to the Close of 1818.*

The commonly received notion of the rise of prices, which is imputed to the temporary abandonment, in 1816, of the supposed preparations for cash payments, is, that the rise was a nearly simultaneous one, not only of wheat, but of most other articles, immediately following a great enlargement of the Bank issues. The impression to this effect is, however, altogether erroneous. The rise in the price of wheat, it has been seen, began early in 1816, and reached, by the end of that year, nearly its greatest height; the only advance after that time being confined to a very short period in the following spring, under the influence of a foreign demand. But in most other articles, the greatest depression of markets prevailed throughout the greater part of 1816, and many, indeed most,

articles were falling, while the prices of provisions were rising. It was not till towards the close of 1816 that many important articles of consumption, which had been greatly depressed, experienced an improved demand with an evident tendency to higher prices. The very low prices of 1815 and 1816 had induced a greatly increased consumption. The stocks of importers, dealers, and manufacturers had become greatly reduced; and a general confidence began to prevail among the best informed persons in the several branches of trade, that prices had, for that period, seen their lowest, inasmuch as the stock in hand of most of the leading articles had become manifestly below the average rate of consumption.

The causes of the falling off of supply were various. The following may be enumerated as some among them. The discouragement and despondency consequent on the great fall of prices in the interval between 1813 and 1816, had induced a general disinclination in 1816 to embark to the accustomed extent in fresh importations. But this state of depression and despondency, which would of itself have led to diminished supplies in 1816, happened to coincide with a very unpropitious season, which occasioned a great deficiency of many descriptions of produce besides corn, not only in this country, but over a great part of Europe. The inclemency of the season occasioned a failure of the vintage in France, and of the crops of silk and oil in Italy, besides directly or indirectly affecting flax, tallow, wool, hops, and numerous other articles. There occurred about the same time a nearly total failure of the whale fishery. Accordingly, the scarcity was very general. There are, indeed, no instances, except those of 1808 and 1811, of a scarcity or falling off so great and so general, of imported commodities, as in 1816 and 1817. The falling off of the importations of 1816, compared with

those of 1814 and 1815, is, indeed, quite striking, as will appear by the following statement : —

Imports into Great Britain.

Years.	Silk.	Wool.	Coffee.	Hemp.	Tallow.	Flax.	Linseed.
	lb.	lb.	Cwt.	Tons.	Tons.	Tons.	Bush.
1814	2,280,223	15,712,517	1,029,556	27,264	29,445	26,238	1,364,959
1815	1,800,333	14,991,713	815,440	36,575	32,082	17,550	766,983
1816*	1,137,922	8,117,864	499,075	18,473	20,858	12,371	567,138

Such a falling off of supply was naturally calculated to attract attention during the progress of the importations ; and when these were ascertained to be deficient in so great a degree, a general disposition among dealers to lay in stocks became evident : such a state of things is usually the precursor of a spirit of speculation. This, therefore, although not yet developed at the close of 1816, was then on the eve of displaying itself, and the full effect was exhibited in the great rise of prices, which took place in 1817 and in 1818, of some of the articles of which there was so marked a deficiency of supply. The most striking instances of advance were silks, coffee, tallow, linseed, and oils, which, in the course of 1817 and 1818, experienced a rise of 50 to 100 per cent. from their lowest point of previous depression. With the exception of coffee, the articles which were most distinctly the subjects of speculation, were those of which the scarcity was attributable to the effects of the extreme of wet in 1816, and of drought in 1818. This was particularly the case with linseed, tallow, and spring corn. And the price of oils advanced, not only from the same general cause, but also from the failure, in the two successive seasons of 1816 and 1817, of the northern whale fishery.

In 1815 and the early part of 1816, the exports

* Of cotton there was no falling off in the import, and no advance, worth mentioning, of the price.

from this country had been made with great forbearance and prudence, because almost every class of merchants was at that time suffering from the effects of the too great eagerness of adventure of the two preceding years : this general forbearance was, of course, attended by a large profit to those who adventured ; and the consequence of the favourable result of shipments on a small scale was, as usual on such occasions, not only that the houses regularly in the trade extended their shipments, but that fresh adventurers embarked in them to a considerable extent.

Under these circumstances, all indicating revived confidence, there arose inevitably a tendency to speculation ; and it is quite clear, that there must, in consequence, have been an advance of prices, and a considerable enlargement of the circulation, through the medium of private paper, and of transactions on credit, independently of any increase of the Bank issues.

The extraordinary character of the season of 1818 has already been noticed, as having given rise to extensive speculations on the apprehended scarcity of several descriptions of produce, such as spring corn and the leguminous tribes, which were supposed to be irretrievably destroyed by the great drought, which prevailed from May till the middle of September of that year. This circumstance is to be borne in mind, as contributing, with the deficiency of imported produce, greatly to extend the sphere of speculation. Accordingly there prevailed, during a part of 1817 and a part of 1818, that sort of excitement which characterises periods of speculation. And that period is, therefore, referred to by the partisans of depreciation, as one of great prosperity, produced simply, as they assert, by an extension of the paper circulation, which alone had caused that rise of prices. A state of prosperity, it doubtless was,

as long as it lasted, to those who were gaining, or appeared to be gaining, by the rising markets ; but, to the bulk of the population, those rising markets were the occasion of privation and suffering : witness the disturbed state of the population at that time. And with regard to the degree in which that prosperity, as it is called, arose out of the state of the Bank circulation, we shall, in the next few pages, have occasion to see how little foundation there is for the imputed connection between the Bank issues, or the circulation generally, with the high prices of 1817 and 1818, in the relation of cause and effect. In the mean time it is to be observed, that the causes of casual scarcity of supply, which, as has been seen, had been the occasion of the high prices, had ceased to operate, and a change was thenceforward in progress, tending to the restoration of abundance, and to the consequent subsidence of prices. This tendency had already become manifest in most articles, at the close of 1818. But as the extent of the increased importations of 1818, both of corn and of other articles of consumption, was not ascertained, nor its full effect appreciated, till the commencement of 1819, a statement of them, and of the consequences which they were calculated to produce, and did produce, will be reserved for consideration in the next epocha. Suffice it here to say, in general terms, and in anticipation of the comparative statement which will appear at the commencement of the ensuing epocha, that the importations, which were in progress at the close of 1818, were, with reference to the previous state of markets and of prices, *of overwhelming magnitude*, and such as must, under a uniform state of the currency, inevitably have entailed very great depression of prices.

SECTION 8. — *State of the Circulation from 1814 to 1818.*

Having thus seen how fully the variations in the prices of corn and of other commodities, in the interval which has passed under review, namely, from the commencement of 1814 to the close of 1818, admit of being accounted for by circumstances affecting the supply and demand, without reference to the circulation, we shall proceed to take a survey of the manner in which the issues of the Bank were regulated, in order to be enabled to judge how far they may be inferred to have exercised a direct influence on prices.

The position of the Bank of England, on the 28th of February, 1814, was —

Circulation.		£	Securities.		£
Notes of 5 <i>l.</i> and upwards		16,455,540	Public		23,630,317
Under 5 <i>l.</i>	- -	8,345,540	Private		18,359,593
		<hr/>			<hr/>
		24,801,080			41,989,810
Deposits	- -	12,455,460	Bullion		2,204,430
		<hr/>			<hr/>
Liabilities		37,256,540	Assets		44,194,340

The price of gold was at that time 5*l.* 8*s.*, of standard silver 6*s.* 11½*d.*; the exchange on Hamburg 29*s.*, and on Paris 21 *fs.*—It is perfectly clear, therefore, that, with the exchanges in that state, if the Bank had at that time been called upon to make immediate preparations for cash payments, that amount of paper could not have been retained in circulation. A great and violent contraction of its issues must have been resorted to. And the effect of the contraction would have been to have accelerated the fall, which was already in progress, of the prices of corn and of other European produce, and to have terminated more abruptly the speculations which were then going forward

in exportable commodities. But the contraction would have been rendered necessary ; not because the amount existing was greater than could have been maintained in a convertible state of the paper, provided that there had been no extraordinary foreign expenditure pressing upon the exchanges ; but that the foreign expenditure then going forward, was on so enormous a scale, as could only be counteracted, and that perhaps not effectually, by the utmost practicable reduction of the issues. It may, indeed, be argued, that, as the Continent had ceased to be shut against us, and as the exports were so large at the close of 1813, and the early part of 1814, they should have gone a considerable way towards answering the demands for foreign payment. And so they did to a great extent, but not far enough ; for, in the first place, a large proportion of the exports on that occasion were speculative, for account of the shippers on this side, and, therefore, did not bring immediate returns ; and, in the next place, the concluding efforts of this country, in pecuniary aid to the allied armies in the North of Europe, and in the pay of our own armies, and fleets, and transports in the South of Europe, and in winding up the arrears of the commissariat accounts, were, in a financial point of view, of a magnitude that is almost passing belief. The importations of corn were at the same time considerable. The extra foreign expenditure, under these two heads, was —

1813.	Government expenditure	£21,817,313	.
	Corn imported	2,192,592	
		<hr/>	
		£ 24,099,905	
1814.	Government	26,945,027	
	Corn imported	2,815,319	.
		<hr/>	
		29,810,346	
		<hr/>	
		£ 53,320,251	.

It is to be observed, moreover, that of this

enormous extra expenditure in 1814, the greater part was crowded into the first three or four months of that year. And the importations, besides those of corn, were on a greatly extended scale, compared with those of the two years preceding.

A decisive proof, however, that although the amount of the circulation was excessive, with reference to the maintenance of the paper on a level with its standard under such extraordinary circumstances, it was not so when the operation of those circumstances had abated and eventually ceased, is to be derived from the fact, that, not only without any reduction of the amount of Bank notes, but positively in the face of an increase, the exchanges rose, and the price of gold fell rapidly. The preliminaries of peace between the allied powers and France were signed in April, 1814; and within the six months following, the price of gold had fallen to 4*l.* 5*s.*, and the exchanges had risen to 33*s.* on Hamburgh, and to 23 *fs.* 30 cents. on Paris. The prices of commodities, too, in that interval, fell considerably. And yet, in that interval, the circulation of the Bank had been greatly extended, as will appear by the following statement of its position on 31st of August, 1814:—

Circulation.	£	Securities.	£
Notes of 5 <i>l.</i> and upwards	18,703,210	Public	34,982,485
Notes under 5 <i>l.</i>	- 9,665,080	Private	13,363,475
	<hr/>		<hr/>
	28,368,290		48,345,960
Deposits	- 14,849,940	Bullion	2,097,680
	<hr/>		<hr/>
Liabilities	43,218,230	Assets	50,443,640

Here, by the miserable policy of the government, and by the weak compliance of the Bank, inconsistent with the professions of the directors,—there being no urgent plea of state necessity,—an addition was made of upwards of ten millions to their public securities, an increase of more than

two millions to the circulation of notes of 5*l.* and upwards, and of nearly three millions and a half, including notes under 5*l.* And if these issues are compared with those of February, 1813, they will be found to have increased by upwards of five millions!

And yet, in the greater part of the innumerable speeches and pamphlets, to which the interminable controversy on the currency has given rise, the Bank is confidently stated, or obviously assumed, to have begun, in 1814, its preparations for cash payments!

But, injudicious and impolitic as was, in every point of view, that enlargement of the Bank circulation at this time, the only effect of it seems to have been that of arresting the improvement of the exchanges, and the further fall in the price of gold. If, therefore, notwithstanding this ill-advised large addition to the Bank issues, which was entirely in advances to government, the exchanges were upwards of 30 per cent. higher, and the price of gold nearly 20 per cent. lower, than they had been, and the prices of corn and of all other commodities falling, the presumption is the strongest possible, that, had the amount of the Bank circulation been simply confined to what it had been in February, 1814, being a larger amount than it had ever before attained, the value of the paper would have been completely restored, and bullion would have been flowing into the coffers of the Bank. And the conclusion, moreover, is hence all but irresistible, that, during the whole of the preceding interval of five years, the amount of the circulation, such as it was, would not have been in excess, but for the extraordinary circumstances of the times, which necessarily created an unusual and increasing demand for and absorption of gold, and consequently conferred on it a greatly increased value.

This enlargement of the Bank issues in 1814,

so much at variance with the received notion with respect to that period, as being the commencement of preparation for cash payments, did not prevent, although it may possibly have broken, the fall of prices of corn and other commodities. The extent of the general fall of prices, and the circumstances connected with it, independently of any reference to the currency, have already been described; and it here only remains to place in juxtaposition the average circulation of the Bank in the last quarter of 1814, and of the two preceding years, with the average price of wheat at the close of each of those years.

The comparison will stand thus: —

	Bank notes of 5 <i>l.</i> and upwards. £	Wheat in Dec. per Qr.
Last quarter of 1812	- 15,647,350	.. 121 <i>s.</i>
1813	- 16,092,590	- 73 <i>s.</i>
1814	- 18,502,690	- 65 <i>s.</i> 8 <i>d.</i>

And in January, 1815, the price had further declined to 62*s.*

It is here particularly to be observed, that the increased issue in 1813 and 1814, coincident with so great a fall of prices, was through the medium of advances to government.

There was in the course of 1815, a reduction of the Bank circulation, to the extent, however, of only about five hundred thousand pounds, in the first six months of that year, during which, as has been seen, there was a temporary *rise* of 7*s.* to 8*s.* in the price of wheat, under the influence of a speculative opinion on the probable effects of the renewal of the war on the Continent, in consequence of the return of Bonaparte from Elba.

The event here alluded to, namely, the landing of Napoleon in France, had the effect of instantly depressing the exchanges, and raising the price of

gold in an extraordinary degree*; and as this effect took place at a time, and under circumstances in which it was clear, beyond the possibility of doubt, that our internal circulation had undergone no corresponding alteration, it has served as a striking illustration in proof of the position, that an exchange adverse, beyond the mere expenses of transmission of the metals, does not necessarily imply a preceding increase of the quantity of money, nor consequently, in an inconvertible state of the paper, a depreciation of the currency, in any other sense than that of a mere reference to its standard. After the battle of Waterloo the exchanges rose, and the price of gold fell as rapidly as they had just before tended in an opposite direction.† There was, in the last six

* The exchanges which immediately previous to the intelligence of that event had been, on Hamburg - 32. 3.
and on Paris - 22. 10.

suddenly fell to 28s. on Hamburg, and 18 fs. 80 cs. on Paris, and the price of gold rose from 4*l.* 9s. the ounce to 5*l.* 7s.

† The inference to be derived from this circumstance against the ultra doctrine of depreciation is so clearly and forcibly put by Mr. Blake, that justice cannot be so well done to the argument as by here introducing the following extract from his work already quoted:—

“It was the want of connection between the amount of Bank notes and the price of bullion, that first led me to suspect the accuracy of the theory, that attributed the high price of gold to the over issues of the Bank; and the suspicion gave way to absolute conviction, upon the events that took place on the peace in 1814, and the return of Bonaparte from Elba in 1815.

“When the war ceased in 1814, the price of gold bullion was five guineas per ounce, that is nearly 30 per cent. above the Mint price, and it had been at that price, upon an average, ever since the latter end of the year 1812. From May, 1814, it fell gradually, and was at 4*l.* 9s. per ounce before the following March, the exchange experiencing, *pari passu*, a corresponding improvement: on the arrival of the news of Bonaparte's landing in France from Elba, the exchange varied at once 10 per cent., and continued falling, whilst the price of gold mounted as rapidly to 5*l.* 6s. per ounce. All the symptoms that had been considered as indicating a depreciation of

months of 1815, a further reduction of the Bank circulation ; but still leaving the amount higher than it had been in 1813, and in the first six months of 1814.

the currency, previously to the peace of 1814, immediately manifested themselves, and continued during the one hundred days of Bonaparte's power. The battle of Waterloo again put an end to the war, and, from that moment the exchange gradually recovered. The price of gold fell back proportionably, and in the course of the following year was at *3l. 18s. 6d.* per ounce, that is, within $7\frac{1}{2}d.$ of the Mint price.

“ During the whole of this period there was but little variation in the Bank issues, the numerical account of the notes, in the beginning of 1814, and the end of 1815, being about twenty-five millions. They had been, at one time, in the course of two years, as high as twenty-eight millions ; but, by a perversity most unfortunate for the theory of depreciation, the issues of notes were continually augmenting, whilst the exchanges were improving, and the price of gold falling : these events speak volumes. In the midst of peace, when all the symptoms of depreciation were gradually subsiding, when commodities were selling at prices corresponding with the amount then in circulation, a great political event occurs, entailing the probability of a new war, and of a great foreign expenditure. In an instant, without any change in the amount of circulation, or of consumable produce, the exchanges fall between 20 and 30 per cent., and the price of gold mounts in the same proportion above the Mint price. This state continues for one hundred days, and at the expiration of that period, when the battle of Waterloo, and the march of the allies to Paris, put an end to all further expectation of a continuance of the war, the currency still maintaining its relative proportion to commodities, all the movements begin to retrograde, and every thing returns to its former state of quiescence.

“ If the symptoms that occurred during this short interval, are to be considered as proofs of an alteration in the value of the currency, it is in vain to continue the argument. To my mind, they demonstrate incontestably, that the anticipation of a large foreign expenditure acted suddenly and powerfully on the exchanges, and as suddenly, through the intervention of the exchanges, on the price of gold.

“ If alterations in the amount of the currency had been the moving force, the price of gold, instead of rising, ought to have fallen. Can there be a doubt then, that in this case the gold was raised for a time above the level of the currency, and afterwards fell back to it ? And if in this case, why not in

If, therefore, the further decline, which took place in the price of wheat, at the close of 1815, viz. to 55s. 6d., be ascribed exclusively to the reduction of the Bank circulation, why, with a much lower state of the circulation, should the prices in 1812 and 1813 have been so much higher? But in the first three months of 1816 there was an increase of about five hundred thousand pounds, compared with the preceding quarter; and yet the prices of grain, including spring corn, rather gave way; the averages standing thus:—

	Wheat.	Barley.	Oats.
1816. January	52s. 6d.	- 24s. 8d.	- 18s. 7d.
February	56s. 6d.	- 24s. 8d.	- 18s. 5d.
March	54s. 8d.	- 23s. 6d.	- 17s. 8d.

And in further proof of the absence of the imputed connection, the average circulation underwent a small reduction in the second quarter of 1816, while the price of wheat rose upwards of 20s. the quarter; thus in the three months ending

	Bank Notes of 5l. and upwards.	Price of Wheat in March,
31 March	£ 17,484,520	- 54s. 8d.
30 June	17,311,280	- 75s. 4d.

But it may be, as it has been argued, that between the last six months of 1814 and the first six months of 1816 the amount of the Bank issues formed no criterion of the amount of the circulating medium, inasmuch as in that interval there had been so great a chasm in the general circulation by the failure of country banks, and by the other nu-

others that occurred previously to the peace of 1814, when the same disturbed forces were in action?

“ This fact alone throws all the *onus probandi* on the advocates for depreciation.” p. 21.

merous failures, and the consequent commercial discredit, as was very inadequately supplied by the increase which had taken place in the Bank circulation. This is very true, and there can be no question that the mere returns of the Bank circulation do not at all times furnish a criterion of the relative amount of the circulating medium. But if this be so, what becomes of the innumerable statements which implicitly proceed upon the assumption that the Bank issues did furnish such criterion? And what is of more importance in the argument, what becomes of the assertion, that the Bank contracted its circulation in the interval above alluded to, in *preparation for cash payments*, and that it was *the contraction* of the Bank circulation that caused the failures of the country banks, and the general discredit which prevailed at that time? assumptions to this effect being essential to the currency theory.

It is quite clear that so great a fall of prices as took place between 1813 and 1816 could not fail of producing failures and general discredit, and a great reduction of the credit part of the circulation. But it is a fact susceptible of the fullest proofs, that prices fell before any reduction of the circulation of the country banks had taken place. The reduction of that part of the circulating medium was an inevitable consequence, and not the cause of the fall of prices; as the previous growth of it had been the consequence of the tendency of markets from causes distinctly affecting the supply and demand to a rise of prices, so a contraction necessarily followed the fall of prices. As there had been an expansion * to admit of the operation of

* As the state of bullion prices in this country in 1816, and the earlier part of 1817, was below its usual level, compared with other countries; if there had been no expansion of credit, there must have been a still greater influx of bullion than that which occurred, great as it was, at the period above-mentioned.

the elevating causes, there was necessarily a collapse upon the occurrence of those of an opposite tendency. The extraordinary circumstances prevailing in the interval from 1811 to 1814 were calculated to raise prices, and consequently to promote a growth of private paper and credit, and the change or simply the withdrawal of the operation of those causes between 1814 and 1816, was naturally followed by a cessation and removal of that excrescent growth.* But as the upward tendency of prices, and the consequent extended use of credit impart the appearance of prosperity to the period in which they prevail, so is the opposite state of falling prices and collapsing credit invariably characterised as one of adversity and distress: and in the interval here alluded to, the fall (and a great fall it was) of prices, having extended to nearly all descriptions of produce, the distress was great in degree, and very widely spread.†

It may be doubted, however, whether, with the exception of the agricultural classes, the distresses

* The great destruction of country paper, and the consequent reduction of the circulating medium, as having *originated in the previous fall of prices* of agricultural produce, was noticed by Mr. Horner on his motion in the House of Commons respecting cash payments, on May 1. 1816, in the following terms:—

“From inquiries which he had made, and from the accounts on the table, he was convinced that a greater and more sudden reduction of the circulating medium had never taken place in any country, than had taken place in this country, with the exception of those reductions which had happened in France, after the Mississippi scheme, and after the destruction of the assignats. He should not go into the question how this reduction had been effected, though it was a very curious one, and abounded in illustration of the principles which had been so much disputed in that House. The reduction of the currency had originated in the previous fall of the prices of agricultural produce. This fall had produced a destruction of the country bank paper to an extent which would not have been thought possible without more ruin than had ensued.”

† It is to be specially observed that the greater part of the rise in the price of corn in 1816, took place during the severest pressure of both agricultural and commercial distress.

consequent on the great fall of prices, and the commercial discredit, were so great between 1814 and 1816, as they had been between 1810 and 1812. In as far as the number of commissions of bankruptcy can be considered as any criterion, those issued in 1810 to 1812, indicate a greater number of failures than in 1814 to 1816. The comparison stands thus:—

Number of Commissions in each year.			Against Bankers in each year.
1810,	-	2314	26
1811,	-	2500	4
1812,	-	2228	17
		— 7042	— 47
1814,	-	1612	29
1815,	-	2284	26
1816,	-	2731	37
		— 6627	— 92

The greater number of commissions against bankers, chiefly country bankers, in the latter period, may be naturally accounted for by the circumstance, that although in the former interval there had been considerable losses among the agriculturists, and in the corn trade, they bore but a small proportion to the losses sustained by these in the latter period, and as a large part of the advances by country bankers at that time was upon farming stock, and upon the personal security of farmers and cattle dealers, the more extensive failure of these would entail that of an increased number of the country bankers.

But the most important consideration arising out of the comparison of the two periods is, that it tends to throw additional light on the question of the degree of influence to be ascribed to the circulation of the Bank of England in producing the distress that prevailed from 1814 to 1816.

There is so great a similarity of the state of the circulation and of credit between those two periods, and the inferences resulting from that similarity are so important, that it may be worth while to notice

some of the most striking features of resemblance, more especially as the partisans both of the agricultural claims, and of the doctrine of depreciation, refer to the period between 1808 and 1814, as being one of transcendent and uninterrupted prosperity.

In both cases the speculations in the two years preceding the revulsion had originated in the great political and commercial changes which then occurred, without any coincident enlargement of the circulation of the Bank of England. In both cases an increase of country bank notes, and a great extension of credit, appear to have attended the progress of the advance of prices, while the amount of circulation of the Bank of England was nearly stationary. In both cases, some enlargement of the Bank circulation accompanied the first fall of prices. In both cases a great and sudden increase of Bank of England notes was issued to supply the chasm caused in the circulation by the shock to general credit, from the failures consequent upon the sudden fall of prices. In both cases, although the death-blow had been struck by the first revulsion, the parties lingered for many months after: thus the number of bankruptcies on the average of 1811 and 1812, was greater than it had been in 1810; as in 1815 and 1816 it was greater than in 1814. In both cases, after the sudden enlargement of the Bank issues which had been made to meet the first great shock to credit, a part of the enlarged issues was withdrawn.*

- * The average of Bank notes of 5*l.* and upwards, was,

Two last quarters of 1810	-	-	£ 16,974,850
Ditto 1811	-	-	15,565,315
	Decrease		<u>1,409,535</u>
Two last quarters of 1814	-	-	18,785,305
Ditto 1815	-	-	17,313,875
	Decrease		<u>1,471,430</u>

From a comparison, therefore, of these two periods so singularly analogous, it seems to be just as reasonable to conclude, that the great fall of prices, the failures of the country bankers, the state of commercial discredit, and the consequent great contraction of the circulation at the close of 1811, was caused by the Bank of England and the country banks preparing for cash payments, as that such preparation was the cause of the contraction of the general circulation at the close of 1815, when the lowest point of depression of the latter period occurred. And as if in order to complete the analogy, it may be observed, that the rise of 50 per cent. in the price of wheat which occurred in the first six months of 1812, was coincident with a state of the Bank circulation, lower than that of the corresponding six months of 1811, so likewise there was in the first six months of 1816 a rise in the price of wheat of 50 per cent., coincident with a similar decrease of the Bank circulation, as compared with the corresponding six months of 1815.*

And if the average of the whole twelve months of each of those years be taken, there will still appear to have been a decrease in 1812 and in 1816, as compared respectively with 1811 and 1815, although the decrease would not be quite so striking, still

* The comparison stands thus : —

		Average of notes of 5 <i>l.</i> and upwards.
		£
Two first quarters of 1811		16,185,380
Ditto	1812	15,637,505
	Decrease	547,875
		<hr/>
Two first quarters of 1815		18,016,020
Ditto	1816	17,397,900
	Decrease	620,120
		<hr/>

leaving, however, the analogy between the two periods complete.

But the assignment of a designed contraction of the circulation, as a *cause* of the fall of prices, and consequent distress in 1815 and 1816 is so material to the currency theory, that in order to supply the insufficiency of the alleged diminution of the amount of the circulation, the supporters of that theory have recourse to the very gratuitous supposition that the *mode* by which the Bank notes come into circulation makes an important difference in the effects. And accordingly it is asserted that a reduction of the Bank advances to government, which took place between August 1815 and February 1816, to the amount of nearly five millions, must have been productive of peculiar influence on the value of the currency. Now, in the first place, the Bank directors, who were examined in 1819, and again in 1832, were of opinion from their experience, that it was the *amount* and not the *mode* of their issue that was of importance in the effects on the money market.* The chief objection to have a large proportion in advances to government being, that it was not sufficiently within their control. In the next place, it might be shown, on general grounds, that the difference of the mode of issue, supposing the amount the same, is not calculated to produce the effect im-

* Mr. Henry Thornton, on Paper Credit, p. 97., states an opinion to the same effect.

“The government is only one large borrower from the Bank; the merchants are a number of similar though smaller borrowers. Whether therefore the Bank lent more to individuals, and less to government, or less to government and more to individuals, the effect as to the number of notes allowed to be in circulation must have been equal. The exchequer, after receiving notes from the Bank, almost as quickly pays them away, and thus sends them into the common circulation as the merchant does; and it is the total quantity of circulating notes, and not the manner in which they come into circulation that is the material point.”

puted. But a discussion of the general grounds would lead to an inconvenient length, and it is superfluous to enter upon them, because, thirdly, the facts of the case are quite decisive upon the point. If it was the part of the circulation so issued that produced the alleged great influence on prices, how happened it that during the fourteen years immediately following the Bank restriction, viz. till the close of the year 1810, the real cash advances to government were of smaller positive amount, and bore a smaller proportion to the whole of the circulation, than the investments by the Bank in government securities at any subsequent period. Yet in that interval of comparatively small advances to government occurred the phenomena of as high prices as any that marked the remaining term of the Bank restriction * ; while on the other hand the greatest increase of advances was coincident with the fall of prices in 1813 and 1814.

The advances were—

			Wheat.
In Aug. 1812	- -	£21,165,190	156s. 0d.
Aug. 1813	- -	25,591,336	112s. 6d.
Aug. 1814	- -	34,982,485	73s. 8d.

The inference, however, apparently intended to be drawn from the fact of the repayment by government to the Bank between August 1815 and February following, on which so much stress is laid as to its influence on prices of the reduction of the public securities of the Bank is, that it entailed a corresponding, or at least a considerable

* A striking instance of a very great relative reduction of the Bank advances to government, followed by a very great rise in the price of wheat in 1805, has already been noticed, but is so material a point as to be worth here repeating.

	Advances.	Wheat.
In August 1804	£14,993,395	59s. 9d.
Ditto 1805	11,413,266	98s. 4d.

reduction of issues.* But the following comparative statement of the position of the Bank in August 1815 and February 1816 will show that the total amount of the circulation was not materially affected by that repayment, while of 5*l.* notes and upwards it was rather larger at the latter date:—

31 August, 1815.			
Circulation.		Securities.	
Notes of 5 <i>l.</i> and upwards	£ 17,766,140	Public	£ 24,194,086
Notes under 5 <i>l.</i>	9,482,530	Private	20,660,094
	<hr/>		<hr/>
Deposits	27,248,670	Bullion	44,854,180
	12,696,000		3,409,040
	<hr/>		<hr/>
Liabilities	39,944,670	Assets	48,263,220
	<hr/>		<hr/>
29 February, 1816.			
Circulation.		Securities.	
Notes of 5 <i>l.</i> and upwards	£ 18,012,220	Public	£ 19,425,780
Notes under 5 <i>l.</i> †	9,001,400	Private	23,975,530
	<hr/>		<hr/>
Deposits	27,013,620		43,401,310
	12,888,890	Bullion,	4,640,880
	<hr/>		<hr/>
Liabilities	39,402,510	Assets,	48,042,190
	<hr/>		<hr/>

† Rest 8,639,680*l.*

* Extract from Mr. M. Attwood's speech in the House of Commons, p. 387., June 12. 1822:—

“ The House will recollect that the question of the return to payments in cash by the Bank in money of the old value was

† The reduction of the amount of small notes was probably compensated by the guineas which were then beginning to come out of private hoards; and this circumstance will account for a further reduction of small notes which was thenceforward in progress.

‡ The difference between the liabilities and the assets is in the Bank accounts termed the *rest*. In the previous references which I have thus far had occasion to make to the position of the Bank at particular periods, I have not taken any notice of the *rest*, because it does not appear to have had any direct bearing on the points under discussion. It is here only introduced for the purpose of observing that the above amount is about the highest which it ever reached, and it was in the spring of 1816 that an addition of 25 per cent. was made to the capital stock of the proprietors, out of this surplus profit, without any further call.

But if the partisans of the currency doctrine have most egregiously misconceived, or at any rate misstated and perverted, the order of time in which the fall of prices and the contraction of the Bank circulation took place, in their account of the causes of the agricultural and commercial distress which prevailed in 1815 and 1816, they have equally done so in their explanation of the rise of prices, and the renewed appearances of prosperity in the interval from 1816 to 1818. They contend that the experiment * (which is gratuitously as-

never discussed by parliament, without that other question of the repayment to the Bank of its advances to government coming under consideration at the same time, as undoubtedly and essentially connected with it. What then was the nature of the connection between the resumption of cash payments by the Bank, and the amount of its advances to government? It was, that the resumption of cash payments in money of the old standard required that a reduction of the amount of Bank notes, and an increase in their value, should be previously effected; and that as it was in advances to government that these notes had been principally issued and circulated, so the repayment of those advances afforded the most convenient and the only practicable mode by which they could be withdrawn; and on these transactions it is, connected with this debt, and lost sight of altogether by the Right Honourable Gentleman, on which the alterations experienced since the war in the value of money do almost entirely depend; on which the rise in the value of money in 1815 and 1816, and its subsequent depreciation in the two succeeding years *entirely* turn; and *mainly* the second rise in the value of money commencing in 1818."

A reference is then made to the reduction of the debt to the Bank, which took place between the month of August 1815 and the month of February 1816.

* In a further passage of the speech of Mr. Attwood, of the 12th of June, 1822, "It (the experiment with a view to cash payments) has," he said, "been twice made. It was made in the years 1815 and 1816. It was the cause of all the calamities, never to be forgotten, which then befel the country. The fall of prices then experienced was its necessary consequence. It was abandoned, at the commencement of 1816, by the administration, alarmed by the consequences of its own measures. The debt which had been repaid was again advanced. The money which had been withdrawn was again and in haste returned to the circulation. The

sumed to have been made of preparing for cash payments, by a contraction of the Bank circulation), was abandoned at the commencement of 1816, that the debt was again advanced, that the money which had been withdrawn was returned to the circulation, and that the prices of the war and universal prosperity followed it.†

standard of the war was again restored. The prices of the war accompanied it. The burthens of the country were seen once more to be no more than commensurate with its resources. All the difficulties of the people ceased; one universal scene of general prosperity was restored. But that prosperity had scarcely been established, before that fatal experiment was a second time commenced. It has continued to the present time; it is now in process."

"The Right Honourable Secretary said that I should tell him of the failure of the country banks in 1815 and 1816, and account by that for the fall of prices and the rise in the value of money which produced effects so disastrous at that time. I shall be guilty of no such absurdity. I shall refer him to the year 1810, when nearly as great a proportion of the country bankers failed as in 1815; and when no fall of prices * or increase in the value of money accompanied those failures."—"And with respect to the fall of prices, and the rise of money in 1815 and 1816, I refer him to this operation before as carried into effect for the express purpose of lessening the quantity and raising the value of money, and of necessarily producing these effects. Will it be thought that this is ascribing too great importance to the effect of this last referred to operation? It was in its advances to government that those notes were issued by the Bank, which, protected in circulation by the restriction bill, and becoming excessive in quantity, became also depreciated in their value. It was by the repayment of those advances that those notes were again lessened in quantity, and their value raised."

† How far the supposition of such a state of things as the consequence of the renewed advances by the Bank to government at the commencement of 1816 is consistent with facts, may be col-

* It is not easy to imagine an attempt at the illustration of a theory by an assumption of facts, or of a state of things more remote from the truth, than is exhibited in the assertion that there was no fall of prices, or increase in the value of money, accompanying the failures in 1810.

The rise of prices in 1816 and 1817 is here expressly ascribed to the enlargement of the circulation of the Bank, and to the renewed depreciation of its paper, in consequence of the asserted abandonment of the supposed preparation for cash payments. And as the fall of prices subsequent to 1818 is ascribed wholly to a contraction of the circulation, rendered necessary as a measure of renewed preparation for cash payments, it is essential, with a view to a just conclusion, to examine how far, in point of fact, there was such an increase of the Bank circulation in amount, or in order of time, and such a depreciation of it as to justify the inference of that increase as the cause of the rise of the price of wheat in 1816.

The fact is, that there was no enlargement of the Bank circulation, either in the first six months of 1816, as compared with the last six months of 1815, or in the whole twelve months of 1816, as

lected from the following extracts of the Prince Regent's speech on the opening of parliament on the 28th January 1817:—

“I regret to be under the necessity of informing you that there has been a deficiency in the produce of the revenue in the last year; but I trust that it is to be ascribed to temporary causes.”

“The distresses consequent upon the termination of a war of such unusual extent and duration, have been felt with greater or less severity throughout all the nations of Europe; and have been considerably aggravated by the unfavourable state of the season.”—“Deeply as I lament the pressure of these evils upon the country, I am sensible that they are of a nature not to admit of an immediate remedy; but while I observe with peculiar satisfaction the fortitude with which so many privations have been borne, and the active benevolence which has been employed to mitigate them, I am persuaded that the great sources of our national prosperity are essentially unimpaired; and I entertain a confident expectation that the native energy of the country will, at no distant period, surmount all the difficulties in which we are involved.”—“In considering our internal situation you will, I doubt not, feel a just indignation at the attempts which have been made to take advantage of the distresses of the country for the purpose of exciting a spirit of sedition and violence.”

compared with that of the year 1815; and that so far from any indication of depreciation, the exchanges rose, and the prices of gold and silver fell progressively and considerably through the whole of 1816, while the price of wheat advanced nearly 100 per cent. The comparison stands thus:—

		Average of Bank Notes of 5 <i>l.</i> and upwards. Wheat.	
		£	
6 months, ending	Dec. 1815,	17,313,875	54 <i>s.</i> 8 <i>d.</i>
Ditto,	ditto,	June 1816, 17,397,900	74 <i>s.</i> 0 <i>d.</i>
12 months, ending	Dec. 1815,	17,659,947	54 <i>s.</i> 8 <i>d.</i>
Ditto,	ditto,	Dec. 1816, 17,582,937	103 <i>s.</i> 7 <i>d.</i>

But as this comparison does not answer the purpose of the theory, the year 1817 is especially fixed upon as that in which the increase of Bank notes accounts for the rise, and with which the asserted contraction subsequently is compared, in order to bring out the conclusion of its paramount influence on prices.

There was indeed a marked increase of the Bank issues in 1817, and as there was during a part of that year a further rise in the price of wheat, that enlargement of the circulation has the credit of the whole of the advance of prices subsequent to the close of 1815. Accordingly there being *for a very short time* in 1817, an enlargement of the Bank circulation to 30 millions, including notes under 5*l.*, that amount is commonly taken as the standard *up to which* prices are considered to have been rising, and *from which* they are said to have been falling.*

* In many, if not in most, of the instances in which statements have been put forward of the amount of the Bank issues, during and subsequent to the restriction, the notes under 5*l.* are included, without any reference to the circumstance that the withdrawal of these was attended with a substitution of *at least* an equal amount of sovereigns.

But how stands the fact? The price of wheat, which was stationary, or, if any thing, rather declining, in the first quarter of 1817, experienced a sudden advance, *from an extraordinary demand for exportation to France*, in May and the early part of June. If therefore the comparison be confined, as in strictness it ought to be (with reference to the argument built on the enlarged issue to the amount of 30 millions in that year), to the precise dates of the issue, with the price of wheat, it would stand thus :—

	Bank Notes, including those under 5 <i>l</i> .	Price of Wheat.
June 7. to 14. 1817.	£26,450,000	112 <i>s</i> .
July 12. to Aug. 26. 1817.	30,700,000	86 <i>s</i> .

The price further fell in September to 74*s*.

If the average of the six months ending in June 1817, be taken with reference to the corresponding period of the two preceding years, the comparison will stand thus :—

January to June, 1815,	£27,155,814
Ditto, ditto, 1816,	26,468,283
Ditto, ditto, 1817,	27,339,768

showing an increase not worth mentioning, as compared with 1815, and inconsiderable as compared with 1816. But the principal increase was in the last six months of 1817, the amount being 29,210,035, or nearly two millions beyond that of the preceding six months. And yet *this augmentation of issues was accompanied by a fall of nearly 40*s*. in the price.*

If the increase in the last six months, compared with that in the first half of 1817, be taken upon the notes of 5*l*. and upwards, it will appear to be greater than if the small notes be included; thus:—

		Wheat.
Jan. to June 1817	£19,272,890	June 112 <i>s</i> .
July to Dec. —	21,342,610	Dec. 85 <i>s</i> .

But as it has been seen that the increased issue did not prevent the fall, so it will appear, that when the circulation was reduced in the first six months of 1818, the reduction was accompanied by a rise in the price of wheat ; for instance,

£	Wheat.
July to Dec. 1817, 21,342,610	80s. to 84s. Nov. and Dec.
Jan. to June, 1818, 20,535,415	84s. to 87s. May and June.

And, although there was a further reduction of the circulation in the last six months of 1818, it was still considerably higher than it had been in the corresponding six months of 1816 ; thus,

£	Wheat.
July to Dec. 1816, 17,718,975	Dec. 103s. 6d. pr. Qr.
July to Dec. 1818, 18,939,740	— 80s. 8d.

The task of going through these instances of discrepancy has been tedious and irksome, but absolutely necessary, in order to prove the utter groundlessness, as far at least as relates to corn, of the assertions so confidently made, that the rise of prices was caused by the abandonment in 1816 of the preparations for cash payment, and by the consequent enlargement of the circulation.

There may still however be a question, with reference to the increased issues of the Bank in 1817 and 1818, how far there is reason to believe that the regulation of the issues materially differed on that occasion from what it would have been if the paper had then been convertible; for in that degree only could it be inferred, that prices, if they were materially influenced by the currency, were so in consequence of the restriction, differently from what they would have been under cash payments.

The principal increase which took place in the circulation, was from August, 1816, to August, 1817; and the relative position of the Bank on the

31st August in each of those two years as follows :—

		Liabilities.	
		Circulation.	Deposits.
Aug. 31. 1816,	£26,758,720	11,856,380	38,615,300
— 1817,	29,543,780	9,084,590	38,628,370

		Assets.	
		Securities.	Bullion.
Aug. 31. 1816,	£37,279,540	7,562,780	44,842,320
— 1817,	32,605,630	11,668,260	44,273,870

It hence appears, that there was no increase of the liabilities, the diminution of the deposits almost exactly compensating the increase of the circulation. But the more immediate object of this comparative statement is to show that the augmentation of the circulation was, between August, 1816, and August, 1817, not nearly commensurate with the increase of bullion.* Supposing, therefore, that, from a wish to keep down the numerical amount of circulation, the Bank had refused to buy gold at any price, and supposing the mint at the same time to have been open to the public, so as to have returned it immediately in coin, the gold might, and probably would, have been taken to the mint, and the same amount would have been added to the circulation in the shape of sovereigns, with the same effect on the money market and on prices as actually occurred, although the amount of Bank notes would have been diminished rather than increased, as compared with 1815, or the commencement of 1816.

It is quite clear, from this statement, that the value of the paper had been virtually restored, and that the Bank was in 1817 in a position looking only to the amount of its treasure relatively to its circulation, extended as this was, to resume cash payments. And the directors, so far from taking advantage of the prolonged term of the restriction, were adopt-

* The amount of bullion reached its maximum on the 11th of Oct. 1817, being then 11,914,000*l*.

ing measures for anticipating it ; for in the months of April and September, 1817, they actually undertook by public notice to pay, and did pay, a large proportion of their notes in coin.* Instead therefore of their preparation for cash payments having been, as is stated, the cause of their contracting their issues, the only preparation which they did make in the interval between 1814 and the termination of 1817, was actually accompanied by an extension of the circulation ; an extension however which would equally have been made according to their ordinary rules, if they had been paying in cash, seeing that the extension was only against a corresponding increase of their treasure, which had become very considerable.

But although, looking only to the actual position of the Bank, the amount of its issues in 1817 might appear to be justified, and was not greater than it would have been according to the ordinary rules or routine of the Bank, if it had then been paying in specie, the directors neglected, according to their system, to attend to the “ signs of the times,” to the indications as soon as they became manifest, of circumstances in progress which would inevitably create a drain on their treasure. The circumstances here alluded to were the negotiations then notoriously going forward for loans to a very large amount to France, and some of the other continental states. This was surely an occasion for vigilance and caution, more especially as the exchanges, early in 1817, manifested a decided tendency to fall, and the prices of gold and silver to rise. Of all other measures to have been avoided, under such circumstances, should have been that of contributing to reduce the rate of interest in this country, such reduction being calculated pe-

* It was computed that in pursuance of these notices the Bank had paid upwards of five millions of gold.

cularly to favour those operations. And yet it was just at such a time that the government, by a very shortsighted policy, with the co-operation of the Bank, reduced the rate of interest on exchequer bills. This was the very reverse of the policy which both the government and the Bank ought to have adopted. The government ought to have taken the opportunity of the comparatively high price of stocks in the summer of 1817, to have diminished instead of increasing the unfunded debt; and the Bank, instead of extending its advances upon exchequer bills, at a reduced interest, ought, with a view to counteract the effect, which would otherwise be inevitable, of the tendency of British capital to investment in foreign loans, not only not to have extended its advances, but to have diminished its existing securities. By the earlier rise of the rate of interest which would have attended such measures, the disposition to investment in foreign loans would have been abated; the further decline of the exchanges might have been prevented; a good deal of the overtrading checked; the necessity for applying to parliament in February, 1819, for a prolongation of the restriction might have been avoided; and the question of the operation of Peel's bill would never have arisen. But the Bank directors of that time, in neglecting such precaution, and on the contrary in creating facilities for the foreign financial operations, and for the various speculations then in progress, were not more to blame than those of a subsequent and more enlightened period, who committed precisely the same error.

The material point however to be considered with reference to the immediate question is, that the value of the currency had been restored in the first six months of 1817, consistently with an enlargement of the Bank issues, as compared with any former period, thus proving that the previous depression of the exchanges, and the consequent

high price of gold, had been reasonably accounted for by the extraordinary amount of the foreign expenditure arising out of the war, without supposing any depreciation, except in as far as the paper had not adhered to the increased value of the gold.

We have now to see that a fresh set of disturbing causes operated in a depression of the exchanges, between the latter part of 1817 and the commencement of 1819, coincidently with a diminution of the circulation. Foremost among these causes doubtless were the large loans negotiated for the French and Russian governments, the high rate of interest granted by them, and the comparatively low rate in this country, holding out a great inducement for the transmission of British capital to the Continent. The importations of corn in the latter part of 1817, and through the whole of 1818, were on a large scale, and at high prices, our ports being then open without duty. And there was at the same time, as has before been noticed, a very great increase of our general imports; while a great part of the exports of 1817 and 1818 were speculative, and on long credits, the returns for which therefore would not be forthcoming till 1819 and 1820. Under these circumstances it is rather matter of surprise that the exchanges were not more depressed, than that they were so much depressed in 1818.

But the diminution of the circulation which accompanied the fall of the exchanges in 1818, was not, as has been so commonly imagined and so gratuitously asserted, the effect of design on the part of the Bank directors, with a view either to counteract the fall of the exchanges or to prepare for cash payments. Mr. Harman, in his evidence before the Lords' Committee on cash payments, in 1819, p. 217., in answer to the question, "Did the Bank, during any part of that period (1818),

on perceiving that these large demands were made upon them for exportation, deem it necessary to make any effort for counteracting that drain of their treasure previously accumulated, by any reduction of the issues of their paper?" replied, "No; we did not make any reduction, with a view of checking the export of gold and silver." The directors, as they repeatedly declared in and out of parliament, and as the facts fully show, continued to regulate their issues exactly as they had done throughout the period of the restriction.*

As the increase of Bank notes in 1817 had been simply against, but short of, the amount of bullion coming in, so the diminution of notes in 1818, was merely against, but not equal to, the amount of bullion going out. This will appear by the following comparative statement of the position of the Bank in February and August, 1818.

Liabilities.			
	Circulation.	Deposits.	Total.
Feb. 28. 1818,	£27,770,970	7,997,550	35,768,520
Aug. 31. 1818,	26,202,150	7,927,730	34,129,880
Assets.			
	Securities.	Bullion.	Total.
Feb. 28. 1818,	£30,905,330	10,055,460	40,960,790
Aug. 31. 1818,	32,370,760	6,363,160	38,733,920

It will be observed, that the securities had been increased by nearly 1,500,000*l.* in August, as compared with February, 1818. There was between August, 1818, and February, 1819, a repayment by

* Of the inefficacy of any regulation of their issues upon the exchanges, the directors recorded their conviction as late as 1819, when, in a resolution of the 25th of March, they state, "This Court cannot refrain from adverting to an opinion, strongly insisted on by some, that the Bank has only to reduce its issues to obtain a favourable turn in the exchanges, and a consequent influx of the precious metals. The Court conceives it to be its duty to declare that it is unable to discover any solid foundation for such a sentiment."

In 1827 a motion was made, and I believe carried, in the Court of Directors, to rescind the above resolution. See *Evidence of William Ward, Esq., Bank Charter Committee*, p. 143.

government to the Bank of about five millions * ; but the discounts were increased by a nearly similar amount; and the securities, public and private, were, in February, 1819, higher by 500,000*l.* than in February, 1818, while the bullion was less by nearly six millions; and the amount of the circulation was higher than it had been during any period of the war.

It should seem therefore that there is no ground for imputing any contraction of the issues of the Bank of England, or of the circulation generally, to preparations *before* 1819, for the resumption of cash payments. Whether there are any better grounds for ascribing any such effect to the legislative measures *in* 1819, will be considered in the examination which we are about to enter upon of the next epoch.

SECTION 9.—*Summary of the preceding Survey.*

The following are among the more prominent of the points resulting from a survey of the interval which has passed under review.

1. That in the spring of 1814, while colonial and other exportable produce and manufactures

* This repayment constitutes what Mr. Attwood, in the extract quoted from his speech (p. 44.), designated as the second experiment, with a view to cash payments. But as the diminution of the public securities held by the Bank was compensated by an increase of the private securities; and as it has been shown that it is the amount of the circulation, and not the mode in which it is issued, that affects the value of the currency, the mere change in the nature of the securities cannot be considered as having caused any contraction in the present instance. And it cannot be too often repeated, with reference to the importance attached by the currency theory to such repayments by government, that as a repayment of five millions out of sixteen millions in 1805 did not prevent a rise of 100 per cent. in the price of corn, so an increase of upwards of ten millions of advances in 1814 did not prevent a great fall of prices.

had risen extravagantly on the prospect of peace, the prices of corn and of European produce generally were falling.

2. That the Bank of England, instead of preparing, by a contraction of its issues in 1814, for the resumption of cash payments, as has been assumed and asserted, actually enlarged its circulation to an amount beyond any that it had attained in any former period.

3. That coincidently with the enlargement of the Bank circulation in 1814, the exchanges were rising, and the prices of gold and of commodities were falling.

4. That in 1815, upon the landing of Napoleon in France from the island of Elba, the exchanges fell, and the price of gold rose rapidly, without the possibility of assigning any part of those effects to any alteration in the amount of our currency ; and that, immediately after the peace which followed the battle of Waterloo, the exchanges and the price of gold resumed their tendency to par, without any material contraction of the Bank circulation.

5. That the prices of corn, the fall of which had been partially arrested by reported deficiency of the crops in 1814, fell rapidly as a consequence of the favourable harvest of 1815, and reached their lowest price in the first quarter of 1816.

6. That in consequence of a fall of prices, from restored abundance, not only of corn, but of all other commodities, between 1813 and 1816, there had been such an accumulation of losses in nearly all the branches of industry, as entailed failures to an unprecedented extent.

7. That the country bank and general credit circulation were contracted in an extraordinary degree in 1816, as an inevitable effect of the heavy losses and numerous failures which had then occurred ; and that the circulation of the Bank of England had undergone no such variation as could

be assigned in the nature of an aggravating cause of the failures and discredit.

8. That, while the greatest depression of almost all branches of industry, and the most general discredit, prevailed in 1816, a rise to the extent of 100 per cent. and upwards took place in the prices of provisions. Of this rise, one half, or about 50 per cent., occurred before July, the further rise having been the effect of the wet harvest of that year.

9. That the great rise of the prices of corn in 1816 and 1817, in this country, had been *preceded* and *exceeded* by a rise of prices from great scarcity and apprehended famine throughout Germany, France, and Italy; and that in the spring of 1817 a great demand suddenly took place in the markets of this country, by extensive purchases of corn and flour for immediate shipment to France, at prices exceeding 115s. the quarter for wheat, those purchases being mostly paid for by remittances in gold * hither.

10. That the highest prices of corn, and of all other commodities which were not under prohibitory restrictions in this country in 1817, were the bullion prices of Europe.

11. That before the end of June 1817, the apprehensions which had prevailed in France, and in this country, for the coming crops, having been dispelled by improved appearances, the prices of corn rapidly gave way in both countries, and by September following had fallen 40s. per quarter.

12. That the great advance in the price of provisions from the spring of 1816 to the summer of 1817, had not been preceded by any enlargement worth mentioning, of the circulation of the Bank

* By this is not meant that the shippers of the corn actually received remittances in gold, but that in point of fact the coincident shipments of gold from France to this country equalled or exceeded the amount of corn exported from hence to France.

of England. But a sudden increase of issue took place in July, 1817, after a rapid fall had begun in the prices of corn ; *the further fall of prices, to the extent of 40s. per quarter, being coincident with a further increase of issues.* There is therefore no foundation for the commonly received opinion that the highest amount of the Bank circulation coincided with the highest prices of corn in 1817, and that a contraction of the circulation after 1817 was the originating and sole or main cause of the fall of the prices of provisions.

13. That a general and great falling off in the imports of the raw materials of our principal manufactures, and of foreign articles of consumption, in 1816 and 1817, followed by an extraordinary reduction of stocks, compared with the ordinary rate of consumption, caused a great advance of prices in 1817 and 1818, and, as usual in such cases, an exaggeration of demand, and a state of excitement and speculation, which went beyond the occasion, not only in a rise of prices on the spot, but in engagements for importations on a large scale, and at high prices. This state of excitement and speculation having been increased and extended by the effects of the extraordinary drought of 1818, which gave rise to apprehensions of a deficiency of the wheat crops, but more especially of a total failure of all spring corn and pulse in this country, led to very extensive engagements for importations of grain as well as of other descriptions of produce.

14. That during the greater part of 1817, the Bank of England, whether with reference to the state of the exchanges, the bullion in its coffers, or the state of general prices in Europe, was, in point of fact, in a condition to have resumed cash payments, and was considered so to be by the directors, who had announced the payment of particular descriptions of their notes. That therefore virtually, and to all practical intents and purposes, there had

been in 1817, till nearly the close of that year, a complete readjustment of the relative value between the paper and gold.

15. That at the close of 1817, in consequence of large loans negotiated for France and Russia in this country (the negotiation of which loans was much favoured by the unfortunate policy of our government, aided by the weak compliance of the Bank, in financial operations, which had the effect of temporarily depressing the rate of interest when it ought to have been raised), combined with the effect of the large importations of grain and other produce, which were then in progress, caused a depression of the exchanges, and a consequent efflux of bullion in 1818.

16. That the increase of the Bank circulation in 1817 was not quite commensurate with the influx of bullion into its coffers, and the contraction of its issues in 1818 was not quite equal to the reduction of its treasure. The variations therefore of the amount of the currency between 1816 and 1819, as depending on the Bank of England, were in the same direction, but not quite equal in degree, to those which would have been experienced with a purely metallic basis of the currency; for if the gold imported in 1817 had passed direct from the mint to the public, the quantity of money would have been as great, with a larger proportion only of coin, and the subsequent efflux of the coin in 1818 would have left the circulation of the Bank paper unaltered.

17. That at the close of 1818, importations of grain and other produce had arrived, and were arriving, on a scale of enormous magnitude, which had the natural effect of causing stagnation, the usual precursor of a fall of the markets, which had previously been raised by scarcity.

CHAPTER VII.

STATE OF PRICES AND OF THE CIRCULATION, FROM
THE COMMENCEMENT OF 1819 TO THE CLOSE OF
1822.

HAVING now arrived at the time when the legislature were called upon to determine what should be the footing on which the currency should be permanently placed, it is peculiarly desirable to appreciate the exact state in which the question then presented itself for consideration.

SECTION 1.—*State of the Question at the Commencement of 1819, with a View to determine upon the future Footing of the Currency.*

It is of importance here to bear in mind the principal points which were recapitulated at the close of the last chapter, as resulting from the survey of prices, and of the circulation, from 1814 to the close 1818. Of these the most material to be kept in view are,—

1st. That there had been in 1817 a spontaneous readjustment of the value between paper and gold to a perfect equality, there having been a large influx of gold, accompanying an increase of the amount of Bank notes; and that the level of the currency had been disturbed at the close of 1817, and through 1818, by the large loans negotiated in this country for the French and Russian governments, which, combined with large importations, had the effect of depressing the exchanges to 33·8

on Hamburgh, and to 23·50 on Paris, and of raising the price of gold to 4*l.* 3*s.* The exchanges, it may here be observed, were not lower than they had, on several occasions, and for considerable intervals, been previously to the Bank restriction.

2. That the rise of prices in 1816 and 1817 had been indisputably the effect of scarcity of corn and of nearly all the leading articles of consumption; that the prices of those years, high as they were in this country, were the bullion prices of Europe; and that the effect of those high prices, and the usually exaggerated speculations connected with them, which continued through the greater part of 1818, was to bring forward importations of enormous magnitude.

The extent of the importations of 1818 could not be ascertained till after the close of that year; nor would their depressing effects be fully developed till 1819. It is, therefore, that the following statement of the comparative excess may be considered as more properly introduced at the commencement of a view of the epocha now coming under examination, than at the close of the last.

Imports into Great Britain.

Years.	Silk.	Wool.	Cotton.	Hemp.	Tallow.	Linseed.
	lb.	lb.	lb.	Tons.	Tons.	Qrs.
1816	1,137,922	8,117,864	93,920,055	18,473	20,858	70,892
1817	1,177,693	14,715,843	124,912,968	22,863	19,298	162,759
1818	2,101,618	26,405,486	177,282,158	33,020	27,149	237,141

And the extent of the increase of the supply of *all* imported commodities, will strikingly appear by the following comparative statement, from the Custom-house returns of *official* values.

Total of Colonial and Foreign productions imported into Great Britain, from all parts of the world (except Ireland) stated at the official rates of valuation, which implies quantity and not value.

	1816.	£ 26,374,920	
Re-exported - - -	13,441,665		
Refined sugar exported	1,626,321		
	<hr/>	15,067,986	
			11,306,934
	1817.	£ 29,916,320	
Re-exported - - -	10,269,271		
Refined sugar exported	1,942,573		
	<hr/>	12,211,844	
			17,704,476
	1818.	£ 35,819,798	
Re-exported - - -	10,835,800		
Refined sugar exported	1,964,225		
	<hr/>	12,800,025	
			23,019,773

Here is a doubling of the whole quantities of imported colonial and foreign produce, after deducting the quantities exported. Now, can any one acquainted with the course of markets hesitate for a moment to pronounce what must be the effects of such an excess of supply? And what, indeed, can be more legitimate or simple than the inference, that if the scantiness of supply in 1816 and 1817 was a sufficient ground for a considerable advance, the restoration of abundance would fully account for the fall?

It is well known, however, that the resistance to a change, whether from a low to a high, or from a high to a low range of prices, is at first very considerable, and that there is generally a pause of greater or less duration before the turn becomes manifest; in the interval, while sales are difficult or impracticable, unless at a difference in price, which the buyer, in the one case, and the seller, in the other, are not yet prepared to submit to, the quotations are regulated by the last transactions, but are said to be, and are, in fact, nominal. A struggle of this kind prevailed more or

less, according as the articles were in greater or less abundance, through the autumn, and into the winter of 1818–19, when many articles which had become unsaleable from excess were still quoted at nearly as high prices as they had attained at any time in 1818.*

If in this state of comparative excess of supply, at the commencement of 1819, there had been no immediate question of the termination of the Bank restriction, and if the regulation of the issues of the Bank had proceeded (as, in fact, it did) on exactly the same footing as that on which it had been conducted during the war, and down to 1819, what ground is there for supposing that there would not have been a fall of prices exactly analogous to that which occurred from 1810 to 1812; or, again, from 1813 to 1815? According to what previous instance of the regulation of the Bank issues, coincidently with such comparative excess of the supply of commodities, can it be contended, that the fall of prices would or could have been averted? And yet a fall of prices, which was so clearly inevitable under the system pursued by the Bank under the restriction, is gravely imputed to the measures taken for the termination of the restriction.

Such, then, as has been here described, being the state of things in the commencement of 1819, what was the course incumbent upon the legislature to pursue? Would they have been justified, if, being acquainted (whether they were so or not is a distinct question) with the state and prospects of the markets as to supply and demand, and foreseeing the impend-

* It may be right to bear this remark in mind, because it has been customary for the opponents of Peel's bill to bring forward price currents of February, 1819 (being the time when the committees of enquiry into the state of the currency were appointed), for the purpose of contrasting the quotations of that date with those of the subsequent time.

ing fall under the system of the currency, as it had existed, they had attempted to intercept that fall, or to counteract the tendency to it? And if they had been so weakly or nefariously minded, how would they have set about averting the fall, which, without some forcible intervention was inevitable? Only one of two modes could be considered as by possibility likely to be effectual with that view, viz. either a forcible issue of a greatly increased amount of Bank notes, or a degradation of the standard.

But any attempt on the part of the Bank to extend its issues by investments in additional securities, beyond those which, by the rules and routine of their management, they would otherwise have taken, would not have insured the object of extended circulation. The increase of their public securities might, and probably would, be compensated by a diminished application for discounts. And in the absence of inducement, from the state of markets, to speculate in goods, if extra notes were issued, they would either have returned in the shape of deposits into the hands of the Bank, or have remained inert in the drawers of bankers. That this would have been the case in such a state of markets as existed in 1819, if the Bank had attempted forcibly to extend its circulation, there is every reason to believe. The grounds for that belief will appear more fully, when the state of the circulation comes to be distinctly examined, towards the close of the present chapter.

Assuming, then, that this mode of averting the fall of prices, in 1819, would have failed of its proposed effect, there remained only the alternative of a degradation of the standard. And granting that a course so flagrantly unjustifiable could have been resorted to, or for a moment entertained, as that of forcibly intervening, with a view to intercept the return of cheapness, as the consequence of the transition from scarcity

to abundance, and to bolster the markets by artificially keeping prices, in the face of an excessive supply, up to the rates to which they had been raised by casual dearth, and by the exaggeration of demand usually attendant upon deficiency of supply, the further question would occur, what is the standard by which such intervention should have been guided and determined? If the difference between gold and paper had been taken as it existed at the time, namely, 4*l.* 1*s.* the ounce, or between 3 and 4 per cent., the measure of debasement, however *palpably unjust*, would at least have been *intelligible*; and the difference being so trifling, and at the same time the change being referable to something like a principle, namely, the actual depreciation of the paper, by non-adherence to its standard, there would have been no perceptible disturbance of markets; but neither would it have been *tanti* for so gross an injustice, nor, above all, for a precedent so destructive of all security, as that of altering the denomination of the coin, because it had not suited the issuers of the paper so to regulate the amount as to make it adhere to the value of the coin in which it professed to be payable. But, quitting even that variable landmark (for while the subject was under discussion the value of gold was approximating to that of the paper), those legislators to whose wisdom it appeared, that prices raised by scarcity and speculation should be maintained by debasement of the standard, seemed to be quite at fault, and to differ most widely from each other, as to the measure of debasement which, in their peculiar views, it would be just and expedient to adopt. This difficulty is well illustrated by the following quotation from the speech of Mr. Denison, in the debate in the House of Commons, on the Scottish Bank Note bill, in the session of 1828:—

“ What would have been the proper course to take in 1819?

To have altered the standard. Such a measure would have prevented the ruin of the farmer, the tradesman, and the artisan; or, at least, it would have diminished the pressure upon them. The cause of all the evils which we had endured, and which we are still enduring, was the fatal policy of contracting a large debt in one description of currency, and trying to pay it in another. I may be asked, why, if I felt this so strongly, if I was convinced of this expediency of altering the standard, I did not myself bring forward such a proposition? The truth is, that the question was one of such difficulty, that I may well be pardoned for having shrunk from it. But it is well known to many Hon. Members, that my Hon. friend, the late Member for Coventry, and myself, did, in 1819, bestow great attention on the subject, with a reference to bringing it under the consideration of the House; but that we found it a matter of such difficulty that we shrunk from it. I will also candidly admit, that we could not exactly agree, as to what ought to be the amount of the standard. I was of opinion that it ought to be 4*l.* 10*s.*, or 4*l.* 15*s.*, while my Hon. friend, concurring with a noble Lord in the other House, thought that it ought to be 5*l.* 5*s.* or 5*l.* 10*s.* The current appeared to run so strong, however, against either proposition, that it was abandoned." — See *Mirror of Parliament*, part xvii. pp. 1775-6.

Well indeed might they shrink from the task, and finally abandon it, seeing that they differed so widely as that while one of the parties was of opinion that the standard should be degraded to the extent of 20 per cent., another would have gone as far as 40 per cent. That opinions so wild, so extravagant in their practical application, should have been entertained by persons otherwise well informed, and most undoubtedly well intentioned as these were, would be hardly credible, but that we now find opinions to the same effect, and some going still greater lengths, promulgated by considerable authorities.* That such opinions could be

* Lord Folkestone, in the House of Commons, in a debate on the Bullion Question, 25th of May, 1819, is reported to have said: — "It appeared to him most desirable, that in place of reverting to the ancient standard of value, the present rate of depreciation should be taken, and the standard fixed, in place of 3*l.* 17*s.* 10½*d.*, at 4*l.* 0*s.* 6*d.*" His lordship (now Earl of Radnor) has since stated his altered opinion in his evidence

entertained at all by persons not having *sinister* intentions can only be accounted for by the very

before the Agricultural Committee of the House of Commons, in 1836, page 415.

“Upon the whole, what should you say, after all the experience we have had, was the full effect of the Bill of 1819 upon prices generally, and what was the fall that it occasioned?”

“I cannot estimate, but I apprehend very considerable indeed; and, from rough guess, I should say, cent. per cent. or nearly so.”

“Do you think that the prices have fallen half in consequence?”

“I should say very nearly so.”

“What measure do you think would have been just and equitable in 1819, in the place of the Bill which really did pass?”

“I really think that it would have been just to have altered the standard to an extent equal to the depreciation that had been prevailing before the passing of the Bill; but, as that depreciation was not uniform in consequence of the various amounts of issues of paper at different times, it would have been necessary to have had some measure to meet the cases of contracts formed at different times, as I apprehend.”

Lord Ashburton, in his evidence before the same Committee, page 478., delivered the following opinion:—

“If the feeling of Parliament and the country had gone with it, I should have thought that much might have been said in favour of a depreciation, by bringing the pound to 15s., if the mind of the country had been so disposed; but the strong opinion, and the moral feeling, being both the other way, I thought there was much to be said for coming back to the standard. It was to my mind a very doubtful question; essentially it rested on a consideration of degree. If, as was the case in Russia, the depreciation had gone to the extent of four to one, it would clearly be the grossest injustice, under those circumstances, to return to the original standard. A question on that subject was proposed by the government of Russia some years ago, to persons in whose opinions they had confidence, and the opinion was unanimous, that it would be a greater injustice to endeavour to return to the old standard, than to sanction the depreciation by law.”

And further, “I believe that the rouble, which was about four to one, is now three and three quarters to one, and that the government of Russia have watched the variations of value, and endeavoured to keep it nearly where it was.”

On these opinions of Lord Ashburton I have to offer the following remarks:—The case of the paper money of Russia,

confined view taken of the interests which would be affected by the degradation proposed of the

and its depreciation, bears no analogy, in its origin or progress, to that of this country; nor, if it did, would the conclusion which might be warranted in the one case be applicable in the other.

The first issue of paper money in Russia, was at the close of 1768, when bank notes, or assignats, to the amount of 40,000,000 of roubles, were put into circulation in direct payments by the government, on the commencement of a war with Turkey. The manifesto accompanying the issue of the paper, left it in doubt whether the payment to bearer (a promise of which the notes bore on the face of them), was to be in copper, or in silver; and, according to Storch, opinions on that point were still divided when he wrote in 1815. From 1769 till 1787, the amount in circulation remained uniform at about 40,000,000, and the *agio* in favour of silver varied only from one to three per cent. in that interval, while there was an *agio* of from one to five per cent. in favour of the paper against copper. The exchange on London during that interval varied between 40*d.* and 48*d.* for the paper rouble. In 1787, a sudden addition was made of 60,000,000, accompanied with a promise that no further quantity should be issued; but a succession of wars with Turkey, Sweden, Poland, and Persia, and finally with France, caused the transgression of that promise, and further progressive issues were made till 1810, when they amounted in the whole to 577,000,000. An increasing *agio* on silver was the consequence, till it reached 400; that is, that a silver rouble (of the intrinsic value of 39*d.* sterling) exchanged for four roubles in paper. During the progress of this depreciation of the paper, the Custom House duties, which were fixed at certain rates in silver money, were collected in paper, at an *agio* settled periodically upon a reference to the market rates. It is now many years ago that the paper rouble was received in payment of Customs by an order of government in the proportion of four to one, the exchange on London being then between 9*d.* and 10*d.* for the paper rouble; and the paper was so received in all cases in which the rates had been calculated in silver. This was to all intents and purposes a degradation of the standard, although from motives of policy the government did not think it expedient to alter the denomination of the silver rouble; and when this *avowed* depreciation had taken place, there can have been no ground for hesitation among the persons who are said to have been consulted upon the question of restoring the paper to the former value of the silver rouble. The raising of the value 300 per cent. would, independently of the inexpediency of the measure, have involved the commission of a double injustice. But it is not a little curious, that, after the regulation of the proportion

standard. They seem to have imagined that it would only be mulcting to that extent all creditors,

of four to one had subsisted for some time, the foreign exchanges having improved, that on London ranging at between 10*d.* and 11*d.*, instead of between 9*d.* and 10*d.*, the government, upon the promulgation of a new tariff, raised the standard from 4 rouble to 3 rouble. 60 copeaks, or exactly 10 per cent., in favour of the paper rouble. Whether, however, in adjusting the standard at four to one, or in afterwards raising it to 3.60 to one, the Russian government seems to have taken, as the guide and measure of the adjustment of the standard, the actual relative value of the paper to the silver, as indicated, whether by the *agio*, or by the foreign exchange, and was not influenced by a fanciful or arbitrary theory of depreciation beyond the indication of the ordinary tests. There was enough of weakness, and impolicy, and injustice in having suffered, or rather caused, the depreciation to take place to the extent that it did; an extent which precluded the possibility of return. But what would or might have been said, and justly said, if, when the *agio* and the state of the exchanges indicated a relative difference of four to one, the government had thought proper, not from any motive of gain to the public treasure, but from some fancied theory of adjustment, to have fixed the standard at five to one, thus at once gratuitously disturbing all pending engagements to the extent of twenty-five per cent.? And yet this is what some of our legislators have proposed; for in what respect, either as to the justice or policy of such a measure, would the suggestion contemplated by Lord Ashburton, of reducing the standard in this country to fifteen shillings for the pound, or twenty-five per cent. in 1819 (when, whether by the exchanges or the price of gold, the utmost indication of the depreciation of Bank notes did not exceed four to five per cent.), have differed from an arbitrary alteration of the standard in Russia, to the proportion of five to one, when the *agio* and the exchanges indicated a proportion of four to one? If the example of the Russian paper is to be held forth as a model, it should be consistently followed out by not degrading the standard beyond the depreciation indicated by the usual tests, and by raising it when the exchanges took a favourable turn. In every point of view, however, the imputed analogy of the Russian bank notes to the Bank of England notes fails: the mode and channels of issue differ widely in principle and regulation; the one was indisputably depreciated by increased quantity, independently of any extraneous pressure on the exchanges; the other was in quantity not more than would have been consistent with the maintenance of its metallic value,

whether of the state or of individuals, in favour of the debtors, while the good to be attained would be that of "preventing the ruin of the farmer, the tradesman, and the artisan, or at least of diminishing the pressure upon them." That it would have had the effect of preventing or diminishing the losses of the farmer, who was under a lease calculated upon the prices of scarcity, and of the tradesman who had, unfortunately for himself, laid in his stock when markets had been driven up by scarcity and speculation, may be readily admitted, although why they should be so preserved from the consequences of their own acts, simply because the result would otherwise be unfavourable, does not very clearly appear. But that the artisan should be supposed to be among those who were to be benefited by such an alteration of the standard, is not the least surprising part of that extraordinary theory. For if there is any class that has benefited more than another by the return of abundance and cheapness, which have more or less prevailed since 1819, it is that of the artisan. There is no fact which admits of being more fully proved, if the notoriety of it were not such as to render detailed proofs superfluous, than that the wages of artisan labour are in most cases as high as they were before 1819, in some instances higher, and in none so much lower as the difference in the prices of provisions and other necessaries. But a much more important consideration, inasmuch as it is one that affects the great bulk of the community, is, that wages, not of artisans only, but of labour generally,

had it not been for the enormous extent of foreign payments ; and whereas no definite time was assigned for the payment of the former, a solemn assurance was repeatedly held out by the government of this country, in repeated instances of specific contracts, that the suspension of cash payments was a temporary state, which would, at any rate, terminate as soon as might be after the return of peace.

have not fallen in proportion to the reduced prices of necessaries.*

Now, the effect of a debasement of the standard, if it had been determined on in 1819, would have prevented, and at any rate would have retarded, the enjoyment of the benefit of comparative abundance by the working classes, until, upon the recurrence of periods of long-continued dearth, the workmen should succeed, after much suffering and severe struggles, in obtaining an advance in some, although an inadequate, proportion to the advanced prices of necessaries.

According to all experience, whether within modern observation, or recorded by history, it may be laid down as an established maxim, that labour is the last of the objects of exchange to rise in consequence of dearth or depreciation, and that conversely the price of labour is last to fall in consequence of increased abundance of commodities, or of increased value of money†; and not only

* Even in the case of the agricultural labourers, whose wages have fallen in a greater proportion than those of other classes, the hand-loom weavers, perhaps, only excepted, there is concurrent testimony of the most unexceptionable description. in the reports of the parliamentary committees on agricultural distress in 1833, and again in 1836, that the condition of the agricultural labourer has been greatly improved, compared with the period of high prices. The evidence to that effect is the more decisive, because, from the bias of the examiners and the occupations of the witnesses, the tendency might be supposed to be the reverse of representing the improvement in an exaggerated point of view.

† The distinguished author of a publication, entitled “A Letter to the Right Honourable Robert Peel, by one of his Constituents, 1819,” after quoting the following passage from the Quarterly Review, vol. xv. p. 192.,—

“The great and rapid increase of national wealth has always been attended by a corresponding pressure of distress upon the peasantry. It was thus in Portugal, when Joam III. succeeded his father Emanuel, the most fortunate prince that ever sat upon an European throne: he was master of Ormuz, of Goa, and of Malacca in the East, thus commanding the whole trade of the Indian seas; the gold mines of Africa sent in rich returns

all the working classes, strictly so called, but those classes immediately above them, not being owners or occupiers of land, and other fixed property, or debtors, would have been sufferers by a degradation of the standard. It is in evidence in the agricultural reports that retail prices had not fallen in

to him, and the greater part of Morocco paid him tribute. To these treasures Joam^{III.} succeeded; and never was there a period of greater national distress, arising from poverty, than at the commencement of his reign. It was thus in Spain, when ships came laden with silver and gold from Mexico and Peru. The fact was distinctly seen, and the cause distinctly stated by a contemporary writer.* The influx of specie produced a diminution in the value of money, and habits of lavish expenditure in the rich; rents were raised, all the necessaries of life advanced in price; the burden fell upon the poor, and of the wealth poured into the country in full streams, all that reached them was in the shape of more abundant alms, which made them more dependent than they were before, without preventing them from being more miserable,"—proceeds to observe:—

"A diligent enquiry into the state of society in the reign of Elizabeth, which, in the depreciation of money, corresponds remarkably with the present reign, would corroborate this position, by showing how ill the wages of labour kept pace with the increasing prices of provisions. It is, I believe, allowed by all who have made minute researches into those times, that at no period of our history, till the present, was the condition of the labourer so bad. Hence sprung the great, and almost sudden, growth of the poor-law system, sometimes absurdly ascribed to the suppression of monasteries. A violent disturbance of the established relations, as measured by the common standard of money, had taken place; and the lower classes, being the last to obtain redress, sunk into that state of abject dependence, from which they slowly emerged, through the natural corrective of a diminished population, aided by the general improvement of the next century, and the greater steadiness of our currency; but into which they are now plunged by the operation of a similar cause." p. 33.

I need here hardly add, that agreeing, as I do, in the observation of the deterioration of the condition of the working classes, by a rise in the price of necessaries, I differ from the author in his opinion of the cause of the rise in the more recent instances.

* The Inca Garcilasso, vol. ii. book i. c. 7.

proportion to those in wholesale trade. This is said particularly of the blacksmiths, the wheelwrights, the collarmakers, &c. What then is the inference, but that they were benefited by the fall in the prices of provisions and of raw materials?

That the great mass of the community was greatly benefited by the transition from dearth to abundance, there is not, there cannot be, any reasonable doubt. Indeed, to call it in question, and to suppose that war and dearth can be blessings, and peace and plenty curses, never entered into any imaginations but those which have bewildered themselves in the mazes of the currency theory, which supposes high prices and general prosperity to be convertible terms. What but the privations and sufferings of the great bulk of the community led to the popular discontents and commotions which prevailed, and were with difficulty repressed, in the great dearths at the close of the last and the beginning of the present century, and again in 1812, in 1817, and 1819? * dearths which, after their

* Mr. Huskisson, in the following extract from his speech on Mr. Western's motion, on the resumption of cash payments, June 11. 1822, after very happily exposing the inconceivable absurdity of considering that the fall in the price of corn added to the weight of taxation, describes in eloquent terms the sufferings of the bulk of the people, in the periods of high prices (which the advocates of agricultural claims, and of the currency theory, characterise as periods of general prosperity), when contrasted with the ease and comfort and contented state of the population in the periods of low prices and agricultural distress.

"There is one theory, however, which I cannot help advertising to, because it is a point to which the honourable member seemed to attach much importance, and to illustrate by many calculations. That point, if I understand the honourable member, is this, that we ought to measure the pressure of taxation by the price of corn. In 1813, says the honourable member, the price of wheat being 108s. 9d., and the taxes 74,647,798*l.*,—13,733,296 quarters of wheat were sufficient for the payment thereof; in the present year, the price of wheat being 45s., very nearly double that amount of quarters are necessary to

natural cessation, these legislators would, as far as in them lay, have artificially perpetuated * ; while, on the other hand, the contented state of the working classes in 1821 and 1822, and not to mention the great increase of the revenue in those years, attest the comparative well-being of the bulk of the community in periods of what those who are interested in high prices and high rents are pleased to characterise as agricultural distress.

But independently of the grounds here stated for reprobating the policy which would have sought in 1819 to perpetuate the effects of dearth, the advocates of a debasement seem not to have been aware of the extraordinary disturbance which such a mea-

pay the taxes thereof." I wonder, when he was making these comparisons, that he did not extend them to a few other years. If he had, he would have found in 1812, for instance, that, the taxes being 70,435,679*l.*, and wheat at the moderate price of 125*s.* 5*d.*, 11,224,809 quarters of wheat were sufficient for the payment. In 1815, that the taxes being 79,948,670*l.*, and the price of wheat only 64*s.* 4*d.*, 24,854,508 quarters were requisite for the payment thereof. But then, 1817 was again a prosperous year; for the taxes being reduced to 55,836,259*l.*, and wheat having risen to 94*s.* 9*d.*, 11,786,017 were sufficient for the payment thereof. Now, according to this statement, the years 1812 and 1817 must have been those of the lightest pressure, and 1815 and 1821 those in which that pressure was most severe. If distress, bordering on famine,—if misery, bursting forth in insurrection, and all the other symptoms of wretchedness, discontent, and difficulty, are to be taken as symptoms of pressure upon the people, then I should say, that 1812 and 1817 were two years of which no good man can ever wish to witness the like again. But, if all the usual consequences of general ease, in the great masses of our condensed population, and all the habitual concomitants of contented industry are indications of a better state of things, then, I should say, that 1815 and 1821, periods of the severest pressure of taxation, according to this new measure of its pressure, are among those years in which, judging from their conduct, the labouring parts of the community have had least reason to complain of their situation."

* An object which, to some extent, the sinister interests of the landowners in parliament, have succeeded in accomplishing by the corn laws.

sure would have created in all the multifarious transactions of markets, not only by contracts for time, but in the most ordinary purchases and sales. In the case of nearly all articles of merchandise, there is a customary prompt, or interval between the making of the bargain and the completion of the delivery and payment. This interval varies from one week to three months, which is independent of credit commencing from the delivery. Now, in all such cases, the seller would, supposing the alteration of the standard to be declared pending the prompt, receive less in intrinsic value by 20 or 40 per cent. than he considered himself as having bargained for. All claims upon or by persons abroad would be affected to the extent of the whole difference of the standard, as the foreign exchanges would immediately adjust themselves to that alteration. In short, the proposed settling or adjusting of contracts, by an alteration of the standard, would have been the unsettling and violent disturbance, not only of all fixed monied incomes, and of debts and credits, but of all the innumerable transactions that might have been pending at the time when the alteration was announced. And as to an equitable adjustment under such circumstances, it is hardly conceivable how any person of sane mind could entertain the idea for a moment, without perceiving the monstrous injustice, and the enormous incongruities, which would attend such an attempt.*

* But there would have been, moreover, if the standard had been altered, some curious and perplexing anomalies, arising in such a case from our protective system. Thus, supposing that agricultural produce had, in the first instance, advanced in price to the full extent of the alteration, and supposing this to have been 40 or only 20 per cent., the price of wheat, which in 1819 was 72s., would, on this supposition, have reached upwards of 80s., which would have opened the ports; and as prices abroad had fallen much more than they had done here, we should have imported and admitted for consumption a very large foreign

Never indeed was there a measure dictated by a sounder policy than that by which parliament determined in 1819 that the trifling divergence which then existed between the paper and the gold should, as speedily as was conveniently practicable, be remedied, and the convertibility restored with the strongest sanction against its being again suspended. So loudly was that measure called for by every consideration of justice and good faith, and of the most comprehensive view of the public interest, that if, for the purpose of carrying it into effect, some actual derangement of prices and of credit had been distinctly contemplated, the effort would have been amply justified by the object. But there is not the vestige of a ground for supposing, that the smallest part of the fall of prices, or of the derangement of credit, in 1819, or from 1819 to 1822, can, according to any evidence of facts, or any consistent reasoning, be traced to the operation, direct or indirect, of that measure. The sufficiency of the causes, without reference to Peel's bill, of the fall of prices between 1818 and 1822, can hardly, it is presumed, admit of a doubt in the mind of any person who, unbiassed by a preconceived theory, will examine carefully the facts as they will appear in evidence in connection with the fall of prices.

As the fall of the prices of commodities was more immediate and rapid, and more directly productive of the derangement of credit in 1819, than the fall of the prices of provisions, the former will here more properly, in the present instance, come first under consideration.

supply, which, as our own produce was becoming abundant, might eventually have reduced prices below the rate at which they actually ranged; and so perhaps still more strikingly in the case of some other articles, subject to a duty not *ad valorem*.

SECTION 2. — *Markets for Commodities from 1819 to 1822.*

The largest in point of amount of the articles of which there was so great an excess of the importation, was cotton; and it was in this article that the fall in price was the greatest, and the failures among those concerned in it, consequently, the most extensive. The error usual on such occasions had been committed; the stocks on the spot had been, as we have seen, greatly reduced in 1816, and a rise of price of this reduced stock was perfectly justified; but then, as in more recent instances, the advanced price was not confined to the small stocks on the spot, but was paid for large quantities in the countries of growth, to be shipped hither. Could it be imagined that the importation at the close of 1818, being within a trifle of double of what it had been in 1816,—

1816,	-	-	93,920,055 lbs.
1818,	-	-	177,282,158 lbs.

could be sold at near the prices to which the scarcity had raised it? Or what more natural, according to the ordinary rules which govern markets, than that the price (of bowed Georgia) should have fallen from 1*s.* 10*d.*, which it had reached between 1816 and 1818, to 1*s.* in 1819? The result of overtrading on so large a scale, was experienced in numerous and extensive failures, which began in the latter part of 1818, and continued more or less through the earlier part of 1819. Importers, speculators, and manufacturers were successively ruined by having embarked too largely upon the anticipation of the maintenance of the former range of high prices. There were also very extensive failures in New York, but more especially in Charleston, and other southern ports of the United States,

at the close of 1818, and at the commencement of 1819.

Of silks, the importation of 1818 was also within a trifle of *double* of what it had been in the two preceding years. Of foreign wool, the excess was still more remarkable ; thus —

1816,	-	-	8,117,864 lbs.
1818,	-	-	26,405,486 lbs.

And, as has been seen by the comparative statement of the official value of imports, there was an excess of them not only beyond that of the two immediately preceding years, but beyond *any* single year, or any average number of years preceding.

It was the early part chiefly of 1819 that was marked by a considerable degree of commercial discredit and distress, originating clearly in great previous overtrading, and in the natural and necessary consequence of the transition from casual scarcity, and speculation on prospective scarcity, to excess of supply, and the dull and drooping markets incidental to excess of supply : an excess not relatively, as has, by the advocates of the theory of war-demand, and by the opponents of Peel's bill, been referred to a diminished consumption, but relatively to an increased and increasing consumption.* Before the autumn of 1819, however, every vestige of discredit had disappeared ; and it was not, as the consequence of either discredit or distress, that prices of most commodities continued to

* It may be observed in further proof of the absence of so general a cause as that of mere difference in the quantity of money, as a cause of the fall, that among the few articles of which there was not an excessive supply, the prices in 1819 were higher than they had been in 1817. This was the case with lead and English iron. The fall of the prices of these articles *subsequent* to 1819, admits of being accounted for on distinct grounds.

decline, with few exceptions, to the close of 1822.* The sources of supply of all the raw materials of our principal manufactures, were experiencing a progressive extension, at a diminished cost of production; and, although there had been in the two or three years immediately following 1818, a slight falling off in the amount of imports of some of the articles, from the great excess of that particular year, there was a progressive increase on the average of three years, compared with the average of any preceding three years. This was shown in some statements brought forward by the late Lord Liverpool in the House of Lords, with a view to prove that, although the consumption was greatly increased, the supplies had outrun it.

Is it necessary then to call in the aid of Peel's bill to account for the fall of markets so circumstanced? and in what possible sense of the words could it be deemed just or expedient on the part of the legislature to seek to avert the otherwise inevitable fall of prices by a degradation of the standard?

But if the evidence of an excess beyond the ordinary average rate of supply is quite conclusive in the case of commodities, little if at all less conclusive will it be found to be in the case of agricultural produce.

SECTION 3. — *Prices of Agricultural Produce from 1819 to 1822.*

In the markets for agricultural produce there was, at the commencement of 1819, a tendency to

* At the close of 1822, the movements of the French armies on the frontiers of Spain, and the measures of the French government with reference to Spain, which were thought to endanger the peace of Europe, gave occasion to a speculative rise in the prices of colonial produce. But upon its being found that a general war, which had been apprehended, did not ensue, the markets relapsed to their former state.

dulness and decline of prices. The importations of corn had evidently been large beyond the occasion ; the winter had been mild, and the spring was very forward, appearances of the corn promising, and the pastures luxuriant. Under these circumstances, it is hardly to be wondered at, that in the spring of 1819, the markets should be dull and drooping. Indeed, the wonder, if any, should rather be, that the fall was not more rapid and decided ; and that it was not more decided and rapid is one among other proofs how utterly devoid of influence on opinion, as affecting the corn markets, was the agitation of the question respecting the return to cash payments. Nothing can show how little was either the direct or the moral influence — that is, the influence on opinion — of Peel's bill in the corn trade, than that the average price of wheat, after an intermediate depression, rose in August, 1819, to 75s., the average price for the whole year 1819 being 72s. And that, in August, 1820, the price, after some fluctuation, arising from varying appearances of the weather, should have been still so high as 72s.

There is some difficulty indeed in accounting for the prices in this country having been kept so high till the harvest of 1820, ranging between 65s. and 72s., seeing that the importation of 1818 had proved beyond the occasion, and that the harvest of 1819, although in the southern division of the island there were complaints of injury from previous weather, was in the result considered to have yielded a full average produce. And, at any rate, the produce of it, with whatever may have been the stock on hand, proved to be more than sufficient for the consumption without any fresh foreign supply. The explanation of the maintenance of so high a price, under such circumstances, seems to be this :— There was still a lingering of opinion among farmers, and persons generally in the corn trade,

that upon the shutting of the ports, although the prices might decline somewhat below the import rate, they could not fall very much, nor continue for any considerable length of time much lower. And the grounds for this opinion seem to have been, that it was, in the first place, taken for granted, that in ordinary seasons we did not grow enough for our own consumption; and, in the next place, there was a strong impression, founded upon the experience of the preceding thirty years, that no long interval was likely to elapse without the occurrence of a season of decided deficiency. There was, on the whole therefore, under the influence of these opinions, a considerable degree of buoyancy in the corn markets upon every occasion of adverse weather, or of unfavourable appearances of the coming crops.

The winter of 1819–20 was rather a rigorous one. The frosts set in with some severity in December, and continued, with intermissions, till the latter part of February, when the winter terminated with a heavy fall of snow. The spring was variable, but mostly cold, and vegetation backward, till about the 18th June, when a sudden change to a high temperature and brilliant clearness succeeded, and lasted for several days during the critical period of the blooming process of the wheats. Apprehensions had previously been entertained of injury to the crops, and the average price, which in January had fallen to 64s., advanced in April and May to 70s. After an intermediate depression, upon the favourable change in June, the weather having become unsettled, and attended with heavy showers in July, the markets rallied a little till the harvest, when the average price of wheat rose to 72s. But the weather became brilliantly fine at the commencement of August, and thenceforward continued to be most propitious for the ripening and gathering of the

whole of the crops. And the result of the harvest of 1820, proved to be decisive of a great impending fall of prices. The crops of nearly all kinds turned out beyond expectation, both in bulk and in yield. It was a harvest of undoubted and general abundance.

Mr. Wakefield, an eminent land surveyor, in his evidence before the Agricultural Committee, in 1821, says, "The last harvest has been one of the finest ever known in England;" and he afterwards adds, "I think there is a wonderful quantity of corn in the country. I now (April, 1821) think that there is as much corn left in the country as generally in common years there is after harvest."

Mr. David Hodgson, in his evidence before the same Committee, stated the result of the systematic examination by his firm of the crop of 1820, to be denoted by the figure 38, the average being 32. But Mr. Hodgson has subsequently stated, that an error had been discovered in the process, by which that result had been obtained, and that the correction of the error gave a result *not under* 40. According to this estimate, the produce was *at least* one fourth above an average per acre: and it is highly probable, at the same time, from the great encouragement of the recent high prices, that the number of acres under cultivation must have been considerably extended.

Mr. Jacob * computes the excess of the crop of 1820, beyond an average to have been in the ratio of 320 to 240, or one third, which, if intended to include extended cultivation, may be near the truth.†

It was not till the following two or three years, during which wheat of the harvest of 1820 con-

* Second Report, April 1828, page 35.

† The annual production of wheat at that time has been commonly estimated at about twelve millions of quarters. A crop then exceeding an ordinary or average produce by one third, would constitute an excess of not less than four millions of quarters.

tinued to appear in the markets, that the exuberant produce of that season became generally known. Instead, therefore, of seeking in the state of the currency, for the cause of the fall of price, immediately after that harvest, it is a matter of more difficulty to explain how or why the real and sufficient cause, namely, the great excess of quantity, did not sooner and more powerfully operate. If the holders generally had then been aware, that in addition to a stock at the commencement of harvest, equal to what had usually been held, there was an excess of three to four millions of quarters in the produce of that single crop, the fall must inevitably have been much more rapid. As it was, the average price fell from 72*s.* 5*d.* in August 1820, progressively till July 1821, when it got down to 51*s.*

The winter of 1820-1 was mild, and attended with little or no snow, and the spring was rather forward than otherwise, the month of April having been warm for the season. But May and June were remarkably cold. July was showery and cold, and during the harvest, which was late, there were heavy rains till its conclusion, which was greatly protracted by the prevalence of wet weather. There was in consequence a speculative rise in price from 51*s.* in July, to 62*s.* in September; but, although the condition of the wheat suffered greatly, the bulk was large, and the produce considerable. Accordingly, when it was found that there was no deficiency in the produce of that harvest, and that there were still large quantities of old corn coming forward, the price fell below 50*s.* by the end of 1821, and to 42*s.* by the August following. The quality of all the wheat of 1821 was very inferior; and this inferiority of quality is to be taken into consideration in the comparative view of the low averages in the following year.*

* Evidence of Joseph Sandars, Esq. before the Lords' Committee on Agriculture in 1836. Question, "To what do you attri-

The season of 1822 was throughout remarkably fine ; — a mild winter, a genial spring, and a hot summer. The spring crops suffered from drought, but the wheats were universally good in quality, and proved to be of full average produce ; and as they were secured early, and in condition for immediate use, the markets were very largely supplied with new corn, while there was still a great bulk of old of inferior quality pressing for sale.

And while there was thus a great pressure on the markets of the supplies of the growth of Britain, the imports from Ireland had acquired an extension beyond all expectation : thus in 1820 and 1821, the importation of wheat alone amounted to nearly one million of quarters, whereas in 1817 there had been a *balance of export to Ireland*, and in 1818 the balance of imports was only 100,638 quarters.*

Most assuredly then a fall of prices to the extent to which it took place down to the close of 1822, viz. to an average price of 38s. for wheat, might reasonably enough be expected by any one conversant with markets, and more especially with the corn markets, as the effect of continued excess of supply ; without having recourse to the supposition that there was any diminution of the quantity of money ; or, in other words, that the gold was dear

bute the fall of corn in 1822 ? ” Answer, “ To the very extraordinary crop in the year 1820, and to the very singular crop in the year 1821 : 1821 was a crop on the largest scale : I hardly ever knew a larger crop, but it was very much damaged in quality by rain ; the quality was injured, and the value was lowered in the market.”

* The imports from Ireland in 1819, 1820, and 1821 were as follows : —

Wheat and Flour.				Grain and Meal of all sorts.			
qrs.				qrs.			
1819	-	-	151,864	-	-	967,861	
1820	-	-	404,747	-	-	1,417,120	
1821	-	-	566,004	-	-	1,822,816	

and not that the corn was cheap, that the gold was scarce, and not the corn in plenty.* In truth, the depression of the average price of wheat at the close of 1822, is fully accounted for —

First, by the produce of that harvest coming early to market, and being ascertained to be above an average in point of quantity, so that there was no relief nor any immediate prospect of it, from the pressure of the large surplus which was then ascertained to be on hand from former years.

Secondly, by the circumstance of the quality of the wheat of 1820, having been only middling, and that of 1821 very inferior, which made the holders of the old stock press sales at the greatest sacrifices. The average prices therefore of the last four months of 1822 are to be taken with a large allowance, not less perhaps than 5s. the quarter, for mere inferiority of quality.

So far then there can hardly, it is presumed, remain a doubt on the mind of any one who has followed the description here given, of the productiveness of the seasons, and of the transition from extreme scarcity to superabundance, that the fall of the prices of agricultural produce from 1818 to the close of 1822, is fully accounted for, without supposing that a diminution of the quantity of

* The extremely low price of cattle in 1822 attracted so much attention, that I insert a statement of the numbers sold at Smithfield for the four years ending 1822.

	Neat Cattle.			Sheep and Lambs.
1819	- - 135,226	-	-	949,900
1820	- - 132,933	-	-	947,990
1821	- - 142,133	-	-	1,107,230
1822	- - 142,043	-	-	1,340,160

The comparative increase was equally great at Liverpool and Hull; and the supplies at the other markets in England were no less superabundant. How, then, can there be any difficulty in accounting for the very low prices of meat at that time?

money must have been, or was, the originating or accessory cause.*

SECTION 4. — *State of Prices on the Continent of Europe.*

If the facts in proof of the transition from scarcity to abundance of productions both of home growth and imported, be held to be insufficient to account for the fall of prices, without calling in the aid of the hypothesis of a diminished quantity of money under the operation of Peel's bill, it must be on the ground of something local, or peculiar to this country, and not common to us with other coun-

* The fall of the prices of provisions in 1821 and 1822 had the usual effect of calling forth complaints of agricultural distress, in consequence of which a Committee of the House of Commons was appointed in 1821; and again in 1822, to inquire into the causes and the means of remedy of the distress. A very able report from the former led to no practical conclusion. But the result of the report of the latter was an act passed in the session of 1822, which materially altered the law of 1815. The law of 1822 bore, upon the face of it, the false pretence of a relaxation of the then existing law, inasmuch as the limit of total prohibition was reduced from 80s. to 70s. per quarter for wheat, and in that proportion for other grain. But a duty of 12s. attached, if the price was under 80s., and a further duty of 5s. for the first three months, making 17s. duty on wheat, during the first three months after the price should have ranged between 70s. and 80s. And at a price above 80s., and under 85s., the duty was to be 5s., and an additional 5s. for the first three months, making a duty of 10s. on wheat, during the first three months after the price should have ranged between 80s. and 85s. At or above 85s. the duty to be 1s. But the act was not to come into operation until the ports should be open under the law of 1815, by the average price of wheat reaching 80s.; and as that contingency did not arrive before the passing of the act of 1828, which is now in force, the law of 1822 became extinct without having ever been called into effect. If the act of 1822 had come into operation, its effects, as might easily be shown, would have been to inflict upon the community a much more oppressive monopoly than that of the act which it was meant to supersede.

tries, unless upon the further hypothesis, that the effect of that measure deranged the currencies of other countries, as it is said to have deranged our own. Not only, however, is the fact of abundance as the sufficient cause of the fall of prices in this country denied, or superciliously doubted, but the fact of a fluctuation of prices on the Continent of Europe, and especially in France, corresponding in any degree with that which had taken place in this country, down to the period under consideration, has been either expressly denied, or passed over without notice, or, if in any degree admitted, has been summarily disposed of, by referring it to the all-powerful agency of the asserted alterations in the system of the currency of this country.

Mr. Matthias Attwood must be considered as being not only the most eloquent, but one of the most able and best informed of the expounders of the doctrine, which refers all the great fluctuations of prices to alterations in the system of our currency. It would not therefore be doing justice to that doctrine to withhold his view of the state of things at the period which we are now considering, with reference to the several points here alluded to, as conveyed in the following extract from the report of a speech of his in the House of Commons, on the 10th July, 1822, on a motion of Mr. Western's to take into consideration the state of the currency: —

“ The question as to foreign prices, was one on which much mis-statement had taken place, and on which it was of importance to have the real facts before them, as they threw light on our own situation. But first he desired the House to consider to what extent, and how universal the fall of prices in this country had been, and, to exhibit that, he would refer again to that paper, which had been delivered to the Agricultural Committee of the last Session of Parliament, by Mr. Tooke, and which contained a list of the prices of thirty of the most important articles of commerce and manufactures, selected as exhibiting the extent of fall of prices which had taken place on all commercial commodities generally. If these prices were con-

tinued down to the present time, the result which the list would exhibit was this, — that from the month of May 1818 to May 1822, the first of these periods being that when the second experiment for altering the standard of value had commenced, the prices of all those commodities had fallen to the extent of 40% in 100%, and that was nearly equal to the fall of agricultural prices since the same time. Let this fact, then, be applied to the question as to foreign prices. Was it asserted that a fall of prices as sudden, as great, and universal, as this had taken place on the Continent at large? If so, it led necessarily to one of these two conclusions: — either that all productions had everywhere suddenly increased, in quantity; or that money had been reduced in its quantity; for the proportion between money and commodities had altered, and one of these two conclusions must therefore be of necessity admitted. Either all the productions of all industry, all climates, and all countries, had suddenly increased (which it was impossible to believe), or otherwise, from whatever cause, a reduction in the amount of money generally in circulation had taken place. With respect to this country, where, beyond any question, the fall of prices which had taken place, was to the extent of nearly one half on all property and commodities, the reduction which we had forcibly made in the amount of money in circulation, was fully adequate to occasion that fall: it was, in fact, impossible, that such a reduction could be effected without such a fall of prices following; and doubtless these operations on English currency must have materially deranged the monied system of Europe, and have affected more particularly those countries more exclusively connected with England, and which formed the channels through which the bullion of England had at one period been dispersed, on the Continent, and at another period been drawn back.

“ But the real fact was, that no such fall of prices as that experienced here, had taken place generally on the Continent; and he referred individually to France, which the Honourable Member for Portarlington had particularly referred to, as exhibiting a fall of prices as great as in this country, and this fact he distinctly contradicted; and asserted, that no material depression in agricultural produce or in property generally existed in France. He maintained that no material rise, in the monied price of agricultural productions, had taken place in France during the whole period of the war, during that period which had been distinguished by so great a rise of prices in this country; and that no material depression had taken place since the peace; and as this must be of necessity well known to many members present, and as he saw that honourable gentlemen opposite assented to that fact, he would not therefore go into the proof of it from tables and authorities which he possessed. But it followed from thence, that the rise and fall of prices which had been experienced here, had arisen from causes peculiar to this

country, and not common to us with the Continent at large, as had been so repeatedly asserted.

“ It appeared, however, that there was one part of the Continent, which was Flanders, where, whether from its more intimate connexion with England, from a derangement at one time of its own currency, which there was, he understood, some reason to believe had existed, or from whatever cause, a rise and fall of prices nearly equivalent to our own had taken place.”
— *Hansard's Parliamentary Debates*, vol. vii. p. 1615.

The fact of general abundance, about which such wonder and incredulity are expressed, may be strange, but it is not more strange than true; and the more minutely the evidence of the fact is investigated, the more indisputably will the conclusion be established. Nor is the fact of general abundance, between 1819 and 1822, more strange than the fact equally well attested of general scarcity between 1815 and 1818. At the same time the wonder, as to the existence of general abundance, might, perhaps, be abated by expressing the fact in different terms; namely, as a cessation of the previous scarcity, with the further cause of plenty and cheapness, by a diminished cost of production. Enough, to that effect, has been shown in the foregoing sections. But in the extract here given, the importance of a reference to the state of prices on the Continent of Europe, and especially in France, is expressly admitted: the fact of such a great rise and fall of prices, as had recently been experienced in this country, having its counterpart on the Continent, is, with the single exception of the case of Flanders, distinctly denied. At the same time, a resource is provided against the event of proof of such coincidence being offered, by the simple assertion that, “ the operations on English currency must have materially deranged the monied system of Europe.” It has already been seen, that the prices of corn in France had fluctuated in a still greater degree, between 1808 and 1814, than they had done in this country, and

that in 1817 a large quantity, at the highest of our quotations, had been exported from hence to France. Of the previous existence of dearth, and of the transition from that dearth to great abundance, and consequent distress of the agricultural interests, there cannot be more authentic proof, or unequivocal evidence, than is afforded by the following extracts from an address of the Chamber of Deputies to the King of France, on the 26th of November, 1821, and of his answer:—

“Organs of the gratitude and filial piety of your subjects, we do not fear that we shall diminish a joy so pure, by causing to be heard at the foot of your throne, the respectful complaints of the agricultural interests, the fruitful nurse of France. Their continually increasing distress in the departments of the East, West, and South, proves the inefficacy of the tardy precautions, which are opposed to the fatal introduction of foreign corn.”

Answer. — “I know the difficulties which attend the sales of corn. Notwithstanding the recollection of a recent dearth, I have, for the first time, restrained the importation of foreign grain. The laws have been executed; but no law can prevent the inconvenience which arises from a superabundant harvest. The whole of Europe experiences it at this moment.”

As the rise of prices in France, in 1817, had been greater than in this country, so likewise was the fall more rapid, and to a lower level than here.

Thus, for instance, while the price in this country, by the Gazette returns, was, on an average, for the year 1819, 72s., the average price in France had fallen in 1819 to 47s. 2d., and fell eventually below 40s.

Not only were the fluctuations in the price of corn in France as great as they had been in this country, and in some instances greater; but those of many other, indeed of most other, articles of consumption, had been on a larger scale of variation between 1808 and 1822, than they had been here. Coffee and sugar, for instance, which were at 4d.

to 6*d.* the pound in this country in 1811, were at 4*s.* to 6*s.* the pound in France. Indigo, cotton, and tobacco were equally out of all ordinary proportion there to the prices in this country, and the fall had since been more than 50 per cent. On what grounds therefore the tables referred to in Mr. Attwood's speech, as proving the negative of such variations, were constructed, it is not easy to conceive.

A similar fall of prices to that which occurred in France between 1817 and 1822, was experienced throughout the greater part of the Continent of Europe, and, in some instances, the transition was still more striking. We have seen to what a height the price of corn had reached during 1816 and 1817, in the South of Germany. The fall in the two following years was great and rapid; for instance,

Vienna,	-	March, 1817,	-	114 <i>s.</i>
		September, 1819,	-	19 <i>s.</i> 6 <i>d.</i>
Munich,	-	September, 1817,	-	151 <i>s.</i>
		September, 1820,	-	24 <i>s.</i> 5 <i>d.</i>

In the North of Germany the fall, although not so great as in the South, was to less than one half.

At Christiana in Norway, the fall was from 81*s.* 10*d.* in 1817, to 26*s.* 8*d.* in 1822.

Mr. Blake, in his work, "Observations on the Effect of Government Expenditure," which has already been quoted, says, —

"A gentleman from Piedmont informs me, that the same measure of corn, raised upon his own estate, which, during the war, sold at 9 francs, now (1822) sells at 3, and has done so ever since the peace *, although, during the whole period, the circulating medium of Piedmont has consisted of coined money in its most perfect state. A letter was shown to me, written

* This must mean after 1817, because in that year the prices of grain in Italy had been nearly as high as in any period of the war.

by a merchant in Holland to his correspondent here, stating, that the rent of land about Utrecht had sunk to one third, owing to the great fall of prices."

At Udine, the great mart for grain in the Venetian provinces, the price fell from 99s. 6 $\frac{3}{4}$ d. in 1816 to 31s. 7 $\frac{1}{2}$ d. per quarter, in 1819. At Fiume, from 88s. 11d. to 29s. 9d. And in the Papal dominions the prices were,

	1816.		1819.
Ancona, -	72s.	-	29s. 4d.
Senegallia,	76s. 10d.	-	28s. 10d.
Pesaro, -	73s. 3d.	-	29s. 3d.

At Lisbon, the fall was from 117s. 6d. in 1817, to 54s. 2d. in 1819. — See *Consular Returns laid before Parliament*.

Here surely is abundant proof, that the fall had not been confined to this country, or to this country and Flanders only. And it is to be observed, that these were prices not acted upon by any influence from hence, inasmuch as the principal rise of them had not been preceded by any demand for export hither, and the fall was so much greater and more rapid than that which had occurred here; besides that, the places were few of them in direct communication for the purposes of the corn trade with this country.

In none of the states in which this great transition from high to low prices took place, does it seem to have occurred to the governments, or to their subjects, that it had its origin in any, but the very obvious causes; namely, the change from bad to plentiful seasons, and the removal of obstructions to foreign supplies. Accordingly, in the address of the French Chambers, it was not the currency, but the foreign importations that were the subject of complaint.

It was reserved for the opponents of Peel's bill, in this country, to discover, "that the operations on English currency must have materially deranged

the monied system of Europe.” And these operations on English currency are said to have been “such a reduction, *forcibly* made in the amount of money in circulation, as was fully adequate to occasion that fall of prices.”

The constantly reiterated remark is in the foregoing extract urged, of the effect of “the bullion dispersed on the Continent from England at one time, and at another period drawn back.”

The utter insignificance of the utmost possible effect from this last mentioned circumstance, has already been shown, upon grounds that it is presumed must satisfy any unbiassed reasoner. But if the influence of such a cause could have the effects ascribed to it, its operation would, in the cases cited, of the fluctuation of prices, between 1815 and 1820, have been *in an exactly opposite direction to that which is inferred*. For it has been seen, that bullion was flowing largely into this country, coincidently with the great rise of prices on the Continent in 1816 and 1817; and that it flowed out of this country in 1818 and 1819, coincidently with the great and rapid fall of prices on the Continent, the fall being, in some instances, below the level from which they had risen; the stock of bullion in this country, during that fall of Continental prices, being as low as, according to all grounds of computation, it had been on an average, during the restriction.

How far there are grounds for the asserted derangement of the monied system of Europe by “operations on English currency” as accounting for the fall of Continental prices, which for extent and rapidity was most observable in 1819, will appear in the examination now to be entered upon, of the state of the circulation, in the interval from the commencement of 1819 to the close of 1822.

SECTION 5. — *State of the Circulation from 1819 to 1822.*

Among other instances incidental to the currency theory, of transposing facts in the assumed relation of causes and effects, in a manner the very reverse of their actual occurrence, there is none more striking than the assertion, that the operations of the English currency deranged the monied system of Europe, in the period now under consideration. This is not only not true, but the very reverse of the truth. It was the financial operations of the principal states of the Continent of Europe, by large loans negotiated in 1817 and 1818* that deranged the English currency. Had it not been for those financial operations of the Continental states, the resumption of cash payments, in this country, would have taken place as a matter of course in 1818.

It is well known, that soon after the negotiation of the loan, which was raised in 1818, by the French government, for the purpose of enabling it to fulfil its engagements with the allied powers, as a condition of their army of occupation quitting the territories of France, and upon the approach of the period for the departure of the allied troops, a sudden and great fall of the French funds occurred. The contractors for the loan applied for and obtained an extension of the time, for the fulfilment of their engagements; but many individuals and firms, who had speculated largely in

* Loans raised in Europe in the years 1817 and 1818, exclusive of England:—

£				
27,700,000	-	-	-	France.
2,800,000	-	-	-	Prussia.
3,600,000	-	-	-	Austria.
4,500,000	-	-	-	Russia.

£38,600,000 Total.

(*Append. to Lords' Com. on Cash Payments*, p. 424, 1819.)

the same view in the French funds, were ruined by the very great fall which those funds had experienced. In consequence of this great fall in the French funds, combined with the great and sudden fall of the prices of grain on the Continent, extensive failures occurred in Paris, Marseilles, and other parts of France, as also in Holland, and in Hamburg, in 1818, before any indication had appeared of discredit, or of any material pressure on the money market in this country. Those failures on the Continent entailed heavy losses on their connections here, and contributed to the commercial discredit which soon after began to manifest itself on this side, in aggravation of the reaction from the overtrading in this country, as also in the United States of America. A loan had also been negotiated in the course of 1818 for the Russian government, the payments for a large proportion of which, as our importations from Russia of corn and other produce were, in that year, on a scale of unusual magnitude, were made by exports of bullion thither; thus adding greatly to the pressure on the money market, and at the same time exhibiting the phenomenon of prices falling rapidly on the Continent of Europe, much more rapidly than here, while bullion was flowing thither from hence, and calculated, therefore, according to the theory in question, to improve their monied system, and to raise their prices.

These facts, which rest on indisputable evidence, prove, beyond the possibility of question, that whatever there might be of derangement of the currency in 1818, and the commencement of 1819, originated on the Continent of Europe, being the very reverse of the state of things supposed and asserted in support of the currency doctrine.

And equally remote from the truth will be found to be the hypothesis of a forced reduction, by the Bank of England, of the amount of the

currency, with a view to the resumption of cash payments.

That the directors did not make an effort during any part of 1818, to counteract the drain on their treasure, by a reduction of their issues, has already been shown. And how stands the fact, as to 1819? Why, that in August of that year the amount of Bank notes was actually higher than it had been in February preceding, when the bullion committee was first moved for; and that a renewed advance to the extent of three millions had been made in that interval, by the Bank to government. The comparison of the position of the Bank in February and August 1819, may be collected from the following statement:—

27th February, 1819.

Circulation.		Securities.	
Notes of 5 <i>l.</i> & upwards	£ 17,772,740	Public	£ 22,355,115
Under 5 <i>l.</i>	7,354,230	Private	9,099,885
	<hr/>		<hr/>
	25,126,970		31,455,000
Deposits	6,413,370	Bullion	4,184,620
	<hr/>		<hr/>
Liabilities	31,540,240	Assets	35,639,620

31st August, 1819.

Circulation.		Securities.	
Notes of 5 <i>l.</i> and upwards	18,017,450	Public	25,419,148
Under 5 <i>l.</i>	7,285,340	Private	6,321,402
	<hr/>		<hr/>
	25,252,790		31,740,550
Deposits	6,304,160	Bullion	3,595,360
	<hr/>		<hr/>
Liabilities	31,556,950	Assets	35,335,910

There are few instances, in which the situation of the Bank has undergone so little alteration, in an interval of six months, the only difference, worth notice, being an addition of somewhat more than three millions to the public securities, and a diminution of nearly that amount of discounts. But this difference is material in a double point of view. According to the opinion which has been

referred to, of the ultra currency doctrine, the paper issued in advances to the government has a greater influence on prices than when issued through other channels, and, therefore, in this instance, ought to have raised prices. On the other hand, the diminution of discounts proves, in the first place, that the rate of interest was falling, and what is of more importance, that whatever had existed of commercial distress, as the consequence of the overtrading, which had prevailed in 1818, had abated, if it had not altogether ceased.

It was, however, in this very interval, ending in August 1819, in which there is not the vestige of preparation for cash payments, by a contraction of the circulation, that the principal part of the fall of prices, resulting from the large importations, had taken place. And yet it is to the operation of Peel's bill, which, as relates to the regulation of the Bank issues, or of any part of the position of the Bank, was utterly without effect, that the fall of prices of many of the leading articles of merchandise, cotton especially, has been ascribed, while as regards the cotton trade more distinctly than any other branch of trade, it has been seen, that the reverses experienced had their origin in circumstances anterior to the possibility of the operation of that measure. As to agricultural produce the fall of prices in the interval here alluded to was, as we have seen, and may again have occasion to observe, not to any important extent.

In truth, although from such large importations alternating with previously scanty supplies, the fluctuations of price had been considerable between 1817 and 1819, the pressure on the money market, as may be clearly inferred from the amount of discounts at the Bank, and as admits of being proved by historical evidence, if it were worth while (which it is not where the grounds of inference are so

clear), was very far short of what it was on many occasions before, and has been on two memorable occasions since. The pressure, such as it was, is so distinctly referable to the effects of overtrading, which is not, as modern experience abundantly shows, the exclusive growth of the Bank restriction, that it is the mere casual *coincidence* in point of time, with the introduction and passing of Peel's bill, that gives even the shadow of a pretence for connecting this measure in the relation of cause and effect with the necessary reaction from the over-excitement of the immediately preceding period, and for the inference, that because prices fell after the passing of Peel's bill the fall was *caused by*, or, as it is more speciously said, was *the consequence of that measure*.

It was distinctly assumed, as well in the evidence before the Bullion Committee, as in the debates in Parliament upon the bill in 1819, that the amount of Bank of England notes then in circulation was about twenty-five millions; and it was with reference to that amount that Mr. Ricardo gave it as his opinion (and the opinion which I had occasion to give was to the same effect), that for the purpose of the restoration of the value of the paper, little, if any, contraction would be found necessary.

Now, it has been seen, that no reduction had occurred in the circulation of the Bank of England at the end of August 1819; and yet in the interval from February 1819 to the August following, the price of gold had fallen from 4*l.* 1*s.* to 3*l.* 18*s.*, or, in other words, to the Mint price, the difference not being worth mentioning; and the exchanges had risen on Hamburgh from 33. 11. to 35. 11., and on Paris from 23. 85. to 25. 10. In this interval not one of the ingots which had been provided by the Bank, and which the holders of Bank notes were entitled to demand at the rate of 4*l.* 2*s.*

the ounce, was called for as a matter of business, although it is said, that one or two were applied for as a matter of curiosity. And as from the state of the exchanges, which were already at par, and were still rising, there could be no doubt of an approaching influx of bullion in the actual state of the circulation, it was perfectly clear, that no reduction of the amount of Bank notes was at that time necessary, with a view to compliance with the provisions of Peel's bill. No part of those provisions had influenced in the slightest degree, the operations of the Bank, since the passing of the bill, or even since the appointment of the committee,—no repayments by government in that interval—no refusal or limitation of discounts—no call upon the Bank for gold at the prices of the scale fixed by Peel's bill. In what conceivable way then can it be maintained that that measure operated in obliging the Bank to curtail its issues, with a view to prepare for cash payments? After the rapid rise of the exchanges, to, and above par, what rational motive could the Bank of England have to reduce its issues? None, certainly. And that no *designed* contraction did take place is clear from unquestionable testimonies. The following is an extract from a publication in 1822, by S. Turner, Esq., an ex-bank director:—

“ With regard to the effect of Mr. Peel's bill on the Bank of England, I can state, from having been in the direction during the last two years, that it has been altogether a dead letter. It has neither accelerated nor retarded the return to cash payments, except as, by ordering the repayment of ten millions of exchequer bills to the Bank, it enabled it to expend those ten millions in the purchase of bullion without in any way curtailing its other advances. The directors of the Bank of England, as plain practical men, have pursued plain practicable means, without turning to the right hand or to the left, as converts to the new doctrines promulgated by the Bullion Committee, and by so doing, have already thrown into general circulation within the last twelve months, more than eight millions of sovereigns, without having diminished, except in the most trifling degree, the usual average of its notes of five pounds and upwards.”

In the House of Commons, upon a discussion on the subject of the currency, 12th June, 1822. Mr. Pearce, one of the senior directors of the Bank, said that

“ The honourable member for Portarlington (Mr. Ricardo) had charged the Bank with error and indiscretion, in having become too extensive purchasers of gold, in consequence of the passing of the act of 1819. The fact was, that the Bank were quite passive in taking the gold from the merchants who offered it for their purchase. The consequence, however, had been, that bullion had been paid whenever it had been demanded; that an issue of ten or eleven millions of sovereigns had taken place. Ever since he had been connected with the establishment, he had been invariably against all forced or artificial measures.”

The question whether, in point of fact, the circulation as depending on the Bank of England, was contracted after August 1819, when the paper had been already restored in value to a par with gold, without any reduction, is complicated and subject to controversy, by the issue of gold coin. Before the close of the interval now under consideration, a large amount of gold coin came into circulation, and served as a substitution not only for the small notes of the Bank of England, but for some of those of 5*l.* and upwards.

There has been occasion to observe, that in the discussions on the increase of the Bank circulation, during the restriction, it was the practice in support of the charge of depreciation from undue enlargement to swell the relative amount, by including the notes under 5*l.*, although these were clearly in substitution for, but not fully supplying the room of the guineas, which had been displaced. So in support of the doctrine, that to the contraction of the currency is attributable the fall of prices subsequent to 1817, it has not been unusual to compare the relative amount of the Bank circulation, including the small notes, but making no allowance for the substitution of sovereigns; and accordingly, there

is no extravagance of conclusion to which this mode of comparison has not been made subservient.

The amount of gold coin issued by the Bank in exchange for the notes which they engaged to pay in cash, by their notices of the 17th of April and 1st of October, 1817, was 4,308,833*l*.^{*} Of this amount the greater part was probably exported, as the exchanges in 1818 were such as to make the exportation profitable. But there is reason to believe that some part remained in circulation, because the notes under 5*l*., which in 1815 and 1816 amounted to upwards of nine millions, did not, in 1817, exceed seven millions five hundred thousand pounds; and as there is no ground for supposing that there were fewer interchanges requiring a one pound Bank of England note, or a sovereign, the inference is, that the reduced amount of the small notes was made up by sovereigns. There was a further reduction of Bank of England small notes in 1820 below seven millions, and as the exchanges were then such as greatly to favour the influx of gold, it is highly probable, that in the quantity of gold imported, there were sovereigns which came directly into circulation, so as not only to displace some of the small notes, but to form an addition to the whole circulation. According to this view, the amount of the circulation in 1820 would not vary materially from what it had been 1819.

But although there are no means of ascertaining whether the Bank notes and sovereigns together made up for the difference of the Bank paper in 1820, as compared with 1819, there is no doubt, that in 1821, and still more in 1822, the basis of the currency, as consisting of Bank of England notes and gold coin, exceeded in amount what it had been in 1819. The comparison will stand thus:—

^{*} Appendix to Lords' Bullion Report, 1819, p. 374.

1821. Average of Notes of 5 <i>l.</i> and upwards,	17,428,842
Lowest amount of Notes under 5 <i>l.</i> -	1,950,000
Sovereigns issued - - -	7,484,501
	<hr/>
	26,863,343
1822. Average of Notes of 5 <i>l.</i> and upwards	16,824,605
Lowest amount of Notes under 5 <i>l.</i> -	750,000
* Sovereigns issued, - 1821, 7,484,501	
1822, 4,364,085	
	<hr/>
	11,949,798
	<hr/>
	£29,524,403
	<hr/>

There can be no hesitation in pronouncing these sums to be representations as correct of the amount of the basis of the currency as if the sums had consisted altogether of Bank of England notes, instead of being partly notes and partly gold coin, because from the state of the exchanges it was utterly impossible that there should have been any inducement to export the coin, unless in a few instances, as pocket pieces. According to this statement then, there was a considerable increase of the basis of the currency in 1821 and 1822, as compared with the amount at the time of the passing of Peel's bill; and this interval of two years includes the principal phenomena of the fall of prices, and of the general depression ascribed to that measure.

The restoration, therefore, of the value of the paper to its metallic standard, having taken place within six months after the appointment of the Bullion Committee, and within three months after the passing of Peel's bill, no reduction of the amount of Bank notes having taken place in the interval, and the final resumption of cash payments having taken place in 1821 and 1822, after a substitution of sovereigns for the small notes of the Bank of England, coincident *with*

* Appendix to Report of the Committee on the Bank Charter, 1832, p. 72.

an increase of the issues, paper and coin together from the Bank, Peel's bill must be pronounced to have been wholly inoperative in producing any contraction, none having occurred in the basis of the currency.

But it has been urged that the provisions of Peel's bill, by directing a repayment to the Bank of a certain amount of its advances to government, necessarily occasioned the withdrawal of Bank notes from circulation to that extent. It is evident, however, by the fact of an *increased issue*, after such repayment, that there were other channels through which the sums repaid by government were re-issued; and the main question is, as to the quantity of money, and not as to the manner in which it came into circulation.

In February, 1822, in consequence of the complaints of agricultural distress, which are invariably attendant upon the cessation of a dearth of provisions, although the bulk of the community was deriving the benefit of abundance and cheapness*, the ministers in deference to the parties urging

* The following extracts from the speech (26th February, 1822,) of Lord Liverpool, in which he introduced the measure in the House of Lords, exhibits in a very striking point of view, the most decisive proof of the general prosperity of the country, while the landed interest was suffering from the fall and low prices of provisions.

"In the course of the last year the revenue exceeded the revenue of the preceding year by more than a million sterling; an increase calculated on those articles, subject to the same amount of taxation in both years. This increase is not only a material fact in itself, but becomes still more so as connected with other important considerations. Your Lordships may naturally ask, But how has this revenue been collected? with what degree of pressure upon the people? In answer, I can positively assert, that there never was any year's revenue collected with less difficulty or arrear. Out of about twenty-seven millions of excise duties, to be collected in the year, there is not a deficiency of more than 5000*l.*, and even of that residue there is a prospect that the greater part will be collected. So that, not only has the revenue increased, not only does it continue

those complaints, proposed to parliament certain resolutions, authorising an issue of four millions of exchequer bills, for the purpose of being advanced by government in loans to parishes, and generally for the promotion of public works. This notable scheme was with a view, as it was intimated, of enlarging the circulation and stimulating speculation, or in other words, raising prices: the resolutions were passed, and the powers were granted; but they failed egregiously of the proposed effect. The circulation of Bank notes, an increase of which was the professed object of the measure, was diminished instead of being enlarged, between February and August, 1822; and although the securities of the Bank were increased by one million two hundred thousand pounds in August, as compared with February 1822, that increase was more than compensated by an increase, on the other hand, of the deposits to the amount of one million seven hundred thousand pounds. But the main purpose, namely, that of raising prices, was so far from being accom-

to increase, but it appears to press more lightly on the people, than at many former periods."

And in a subsequent part of his speech, Lord Liverpool added: —

"When the Noble Earl (Stanhope) says, that the low prices, incident to the distress which agriculture suffers, benefit no man, I answer, that although I sincerely wish the distress did not exist, I cannot be blind to the fact, that they certainly do benefit *a great majority* of the people. Do they not benefit the annuitant and mortgagee, who were, during the war, the principal and almost the only sufferers. In all large towns they have occasioned considerable benefit by the fall of the poor rates. I have been at some trouble, my Lords, to ascertain the real state of the case, and I can pledge myself to the accuracy of this statement. In this metropolis, in which your Lordships are now sitting, never were the lower orders of the people in a better condition than they are at the present moment. So that when the noble earl says, that the low prices, incident to the distress of the agriculturist, have not been beneficial to anybody, he certainly labours under a great mistake, for that distress, however much to be lamented in itself, is accompanied by a considerable benefit to *a great proportion* of the people.

plished, that they fell progressively to the end of the year, and a twelvemonth elapsed before, from totally distinct causes, the prices of provisions experienced the so much desired advance.

It may still be contended, however, that if the repayments had not been made, the circulation of the Bank of England might have been larger by that amount. This does not follow, inasmuch as there would, in all probability, have been a diminution, on the one hand, of private securities, and an increase, on the other, of the amount of deposits. But if the repayment were supposed to have the effect, which, under the circumstances it had not, of diminishing the circulation, Peel's bill cannot in fairness be charged with having rendered necessary any part of such repayment (taking the advances as they stood in February 1819) beyond what would, in all probability, have been made by 1822, if that bill had not passed.

The repayments which took place subsequently to 1819, were clearly not necessary or desirable to the Bank. The rapid rise of the exchanges insured a great influx of gold, and proved that the circulation required no reduction. It would, therefore, have argued great mismanagement on the part of the Bank directors, if they had, under such circumstances, urged the repayment from government, as the means of enabling them to pay in gold; and the promoters of Peel's bill would not have been accountable for the consequences of such mismanagement.

But there does not appear to be sufficient reason for imputing to the Bank directors of that time such ignorance of their position. The state of the money market had become such as made it highly expedient for the government, in its financial arrangements, to reduce the amount of the unfunded debt, which was inconveniently and dangerously large; and the opportunity for such reduction

presented itself in the great fall in the market rate of interest and the rise of the funds, which occurred between 1820 and 1822, in which interval the repayment was completed. Whether, therefore, the repayments by government had produced an actual diminution of the Bank issues (which they did not), or whether they prevented such an enlargement of the circulation as might otherwise have taken place (which they probably did), in neither case could the effect be imputed to Peel's bill, as it is highly probable that such repayments were regulated mainly by the financial views of government, and it would be a new and somewhat dangerous doctrine, to contend that government ought to enlarge or diminish the unfunded debt, not according to views strictly financial, but according to their notions of the proper amount of the circulating medium.

It is perfectly clear, therefore, that there is not the shadow of a pretence for imputing to the operation of Peel's bill any thing like a forcible reduction of the issues of the Bank; for that, in point of fact, it had no influence whatever on the amount of the circulation.

This opinion of the inoperativeness of Peel's bill, on the amount of the circulation, supposes, however, that it was not in the alternative of a debasement of the standard, or of an unlimited and irredeemable compulsory paper currency. The former of these alternatives was entertained and suggested by a small number only, who, as has been observed, had no definite plan; the latter was not contemplated, or, if contemplated, was not ventured to be avowed by any one, except here and there by some wild projector. There were, in point of fact, only two alternatives that came properly under consideration of the legislature in 1819, namely, to continue the restriction, as it had from time to time been extended

for one, two, or three years further, without any intermediate payment in gold at a fixed price; *or*, to leave the continuance of the restriction to the convenience and discretion of the Bank directors; they engaging according to their own suggestion, in the meantime to pay their notes in gold, if required, at the *market* price.

The debates upon Peel's bill turned chiefly upon the compulsory clauses, enforcing the payment of bullion according to the scale. These clauses were considered objectionable, as being calculated to oblige the Bank forcibly to contract its circulation, for the purpose of paying in bullion at the prescribed periods, and any very strict limitation of time, for the eventual resumption was objected to by the friends of the paper system on the same ground. But to the principle of the *eventual restoration* of the value of paper to gold at 3*l.* 17*s.* 10½*d.*, there was a pretty general assent, the chief exceptions being those already mentioned. But whichever of the alternatives here referred to had been adopted, the same result, as relates to the amount of the circulation of Bank paper, the time of the restoration of its value, and the final resumption of cash payments, would have occurred as the inevitable consequence of the state of things which existed in 1819 and 1820.

I refer to the fall in the market rate of interest, and the consequent contraction of the channel for the issue of Bank notes through the discount of mercantile bills—the improved state of the finances, which enabled and induced government to diminish the unfunded debt—the large sums due from abroad, for the unusually extensive exports of 1818, the means of returns, excepting in gold, being at the same time abridged by the shutting of our ports against the importation of corn, and by the glut which prevailed here of other foreign products, in consequence of the large importations of 1818—

these circumstances combined to determine the tide of the metals so strongly into this country, that nothing but a very unusual effort on the part of the Bank, involving a departure from its ordinary rules, in extending its securities at a greatly reduced rate of interest, which might have had the effect of hastening the direction of capital to foreign investments, could have prevented, or even materially have retarded, such influx. Instead, therefore, of any effort being requisite on the part of the Bank to comply with the provisions of Peel's bill, it would have required an extraordinary effort to render them operative.*

But if Peel's bill was thus inoperative, and therefore innocent of all the evils which have been so abundantly, and with so much superfluous eloquence laid to its charge, it may be asked, what was the merit of the bill, and what was the ground of the importance attached to it by its promoters? —seeing that the same result would have attended any of the alternatives proposed, an alteration of the standard, or a permanently irredeemable and unlimited paper currency excepted.

The merit of the measure was, as it has since turned out, independent of the event. That merit consisted in the sanction which it afforded to the

* Mr. Ricardo does not appear to me to have sufficiently appreciated this state of things, when he charged the Bank directors with mismanagement, in having prematurely and unnecessarily enhanced the value of the currency by their large purchases of gold after the passing of Mr. Peel's bill. His mode of expression conveys the idea that the directors made an effort to buy gold; that they created a demand for it by a designed reduction of their issues for that specific purpose. Now, the truth is, that they were perfectly passive, and moved only in the ordinary routine of their business: they bought gold simply as it was brought to them at or below the Mint price; and it was a matter of indifference, as concerned the amount of the currency, whether the gold were taken by the importers to the Mint, and thence brought directly into circulation as coin, or were taken in the shape of bullion to the Bank in return for its notes.

principle, that the Bank has the power, by the regulation of its issues, to preserve the value of its paper on a level with that of gold : and the importance attached to the bill by its promoters is fully justified by the consideration that, at the time when it was under discussion, there was fair ground for contemplating circumstances under which the compulsory clauses of the act would come into operation.

Among the numerous contingencies which might have rendered Peel's bill operative in contracting the circulation, a few, involving no very great improbability, may be noticed. The harvest in 1820, proving *deficient* by more than a fourth, (instead of being, as it was, *productive* by more than a fourth above an average,) and the consequent opening of the ports to a very large importation of corn—speculations upon deficiency of cotton or of other imported commodities—any great financial operation of the French government,—or an earlier direction of capital in mining schemes, and loans to South America.

Some of these separately, but more especially if combined, would, in an advanced state of their progress, have created such a mass of mercantile paper, and such a demand for the employment of borrowed capital, as materially to raise the rate of interest. The applications for discount at the Bank would have been greatly increased ; and the same cause, viz. a rise in the rate of interest, would have made it difficult, or at any rate very inconvenient, for government to make any repayment of its advances ; or the government might, under such circumstances, have been induced to ask for further accommodation. But while in this state of things there would have been an increased demand for Bank notes, a tendency to an efflux of the metals to answer the sudden call for payments abroad, before any return for increased exports of commodi-

ties could meet that call, would have indicated the expediency of contracting the circulation.

In such case it is that Peel's bill would have been operative. The Bank directors could not then, without putting themselves out of condition to conform to its enactments, have granted accommodation in the way of discounts to the extent of the applications for it; and instead of making further advances to government, the early repayment of the amount contemplated by the act of 1819 must have been rigidly insisted on.

The limitation of discounts below the sums applied for, and the necessity which government would be under of raising a loan, or of issuing exchequer bills at a higher rate of interest to enable it to make the repayment, would have produced a great deal of mercantile pressure and distress. This state of things would have been compatible as it was in the spring of 1796, with a high price of corn. Although, under such circumstances, Peel's bill would have been strictly and severely operative upon *other* classes: the *landed* interest, so long as the prices of agricultural produce were maintained, would not have made the discovery, that it was a measure calculated to diminish the value of all property.

It is curious to remark, that the state of things which really rendered Peel's bill inoperative for the first few years after its enactment, should have been taken as the specific ground for the clamours against it, while, under the opposite circumstances, when it would have been strictly coercive, there would not have been the slightest pretence for the complaints of those who have been most violently opposed to it.

As regards then the issues of the Bank of England, there appears to be no ground whatever for the assertion that they were contracted by the operation of Peel's bill. But it is contended by some

of the opponents of that measure, that although it had not the effect of reducing the issues of the Bank of England, it greatly contracted the issues of the country banks, and thus occasioned the fall of prices. That a considerable contraction (although not nearly to the extent generally supposed) of country bank notes took place subsequent to the passing of Peel's bill, I am perfectly willing to admit; and that this contraction accompanied the fall of prices which occurred between 1818 and 1822, may be equally conceded. But it admits of being abundantly shown, that the contraction (exaggerated as it has been) of the country circulation, was the necessary *consequence* of the fall of prices.

Of the circumstances which favour an extension of the country Bank circulation on the one hand, or repress it on the other, abundant explanation and illustration have already been given in the course of this work. It has been seen, that it is of the nature of the circulation of the country banks, to be extended under circumstances favourable to speculation, upon the prospect of an advance of prices, or upon the opening of new fields of enterprise, and to be diminished under the opposite circumstances. During the period of advancing prices, and of speculation and general excitement, which prevailed from 1816 to 1818, there must accordingly have been, as there is the strongest presumptive evidence that there was, a considerable enlargement of the country circulation. But at the time immediately preceding the passing of Peel's bill, there was a cessation, from causes totally independent of that measure, of obvious grounds for speculation of any kind. The excess of supply of nearly all imported commodities in 1819, which continued more or less through the two following years, was calculated to discourage all anticipation of a speedy advance of prices, at the same time that the fall of prices and

commercial failures narrowed the range, within which accommodation from the bankers could be sought or granted; and after the summer of 1820, when the extraordinary productiveness of that harvest began to be appreciated, there was not only no reasonable ground for speculating on an advance of the price of corn, but a well-founded apprehension of a fall. There was accordingly a greatly diminished inducement to farmers and to cattle dealers, and corn dealers, and millers, with a view of being enabled to keep up or increase their stock to seek advances from the country banks.* And what was of still more importance, where the inducement to borrow existed, the credit necessary for the purpose was impaired. Whether in the trading and manufacturing towns, therefore, or in the agricultural districts, there did not exist the inducement, or the means for putting out or keeping out the same quantity of paper: a reduction of the amount was consequently inevitable, even if the Bank of England had coincidentally made a forced enlargement of its issues.

If Peel's bill could be shown to have directly or even indirectly *caused* such a derangement of the country circulation as had occurred in failures of bankers in 1793, and again in 1810 to 1812, and in 1814 to 1816, so as to have disabled them from accommodating applicants, who had adequate security to offer, or to induce them to call in the advances already made, then, indeed, some effect might be ascribed to that measure, in the contraction of the circulation which

* Mr. Hudson Gurney, on being asked by the Bullion Committee of 1819 — "What determines, in your opinion, the fluctuations in the amount of country bank paper?" answers: "The price at which the staple commodity of each district is selling: for example, I consider that our circulation would increase with a high price of corn, and would decrease with a low price of corn: corn being the staple of Norfolk."

took place ; but there is not the shadow of a pretence for ascribing to it any such effect. The commercial failures in 1819 were not upon the whole either so numerous or extensive as might have been expected from the alteration of prices ; and of those mercantile and manufacturing establishments which failed, the greater number had been embarrassed by the general stagnation, which occurred at the close of 1818, in consequence of the over-trading of that and the preceding year. The total number of bankruptcies, in the three years ending in 1821, were four thousand one hundred and eighteen, while those in the three years ending in 1816 had been six thousand six hundred and twenty-seven, and those in the three years ending in 1812 had been seven thousand and forty-two. Of country banks the failures were still fewer in proportion, the whole number of commissions against them, in 1819, 1820, and 1821, having been only twenty-seven, namely, 1819 thirteen, 1820 four, 1821 ten, while they had been nearly treble that number in the three years ending in 1816.*

In truth, although there had been in 1819, as in all cases of re-action from over-trading, a pressure on the money market, that is, a diminished facility, and an increased rate of interest in the discount of ordinary paper, there was nothing like so great a pressure as had, in several previous instances during the restriction, been experienced. And the duration of the pressure, comparatively light as it was, proved to be very short ; the clear evidence of which is in the fact of a great falling off of the discounts at the Bank, namely, from

* This comparative stability of commercial, but more especially of banking, credit may be ascribed to the circumstance that the great failures which had occurred in 1814-15-16 were still recent, and had cleared away the greater part, if not the whole, of what had been rotten or unsound in trade and banking, so that the losses arising from the overtrading of 1818 fell on establishments that could bear them.

nine millions, in February 1819, to about six millions, in August following; at which latter date, not a vestige of pressure on the money market or of commercial discredit remained.

It may, however, be contended, that though the general provisions of Peel's bill for the resumption of cash payments had not any material influence in the reduction which took place in the circulation of the country banks from 1819 to 1822, yet that the particular part of the enactment which enjoined the suppression of the 1*l.* country notes in 1823 was calculated to produce a considerable effect, by inducing country bankers to make preparations for withdrawing that portion of their paper.

The importance of the country 1*l.* note circulation upon the value of the whole of the currency, or, in other words, its influence on prices, has been, and is, in my opinion, extravagantly, and I would almost say ludicrously, over-rated. But whatever may be the importance of that part of the circulation, the provisions which related to it in Peel's bill did not practically come into operation, inasmuch as that clause of the act which directed the suppression in 1823 was repealed in June, 1822.

It has often been said, and is still constantly repeated, that government, alarmed at the fall of prices, tampered afresh with the currency, by repealing so much of the act of 1819 as provided for the cessation of the small note country circulation in 1823, and extending the term of the privilege of issuing them for ten years longer. And that, *in consequence* of this prolongation of term, there was an increased issue of paper and a renewed rise of prices. This is only one of innumerable specimens of total disregard of dates and attendant circumstances, in referring to the operation of particular measures. That it was a tampering with the currency, and that it was very weak and foolish on the

part of government to have yielded in that, as in other instances, to the influence of the country gentlemen, who thought that they would be marvellously benefited by that measure, may be readily admitted. But that it had the so much desired effect of raising prices is not only not to be admitted, but admits of being distinctly denied and disproved.

It was in reference to this measure that the late W. Cobbett used to ring the changes of “out came the paper, and up went the prices.” Now the fact was, that the paper did *not come out*, and the prices *did not get up*, but, on the contrary, *continued to go down*, for many months after the bringing in of the bill in question. It was in April 1822 that ministers announced their very unwise intention of proposing the prolongation of the small note country circulation. And there was not a doubt that the measure would pass. If, therefore, the country bankers had contracted their circulation, merely in contemplation of the impending termination of the privilege of issue, what should have prevented their extending their issues now that they were secure of the continuance of the permission for ten years longer? But, in truth, there was no extension, but rather a diminution, of their issues to the close of 1822, *following the fall of the price of wheat*, which in the commencement of that year had been at 48s. 6d., and declined before the close of it to 38s. 10d., being a fall of 20 per cent. The subsequent rise in the price of corn, which is so commonly ascribed to the supposed influence of the prolongation, (the bill for which was passed in the early part of 1822,) did not take place till a twelve-month after the notice of that prolongation had been given. That rise of prices, and the accompanying state of the circulation, will be noticed in the examination which we are about to enter upon of the next epoch.

The only imaginable remaining ground upon which Peel's bill can be connected, in the relation of cause and effect, with the low range of prices in 1822 is that, assuming the influx of bullion between 1819 and 1822 to have been a consequence, and not, as it was, a mere sequence of that measure, the absorption of so much of the metals from the circulation of the rest of the world may be supposed to have caused a sensible increase of their value. But not to repeat the arguments of reasoning and fact which have been before adduced, to show how little perceptible effect upon prices is likely to be produced by variations of a few millions of the precious metals, absorbed from, or dispersed among, the nations of the world, it may be sufficient here to mention, by anticipation of what will properly come under distinct notice in the next chapter, the fact, that the accumulation of bullion in the coffers of the Bank was greater, by no less an amount than four millions, in January 1824 than it had been in at the close of 1822, while the prices of corn, and of agricultural produce generally, had risen upwards of 50 per cent., coincidently with that large additional influx of bullion.

SECTION 6. — *Summary of the preceding Survey.*

The facts and reasonings which have been adduced in this chapter appear to establish irresistibly the following conclusions:—

1. That the very great increase of the importations at the close of 1818, and the very high prices which then prevailed, and which could only be justified by the previous scarcity, led inevitably, supposing a perfectly uniform state of the currency, to a great fall of prices in 1819; and the continued abundance of supplies accounts fully for a low range,

with a tendency to a continued fall, to the close of 1822.

2. That, as relates to agricultural produce especially, an importation of corn beyond the occasion at the close of 1818 formed an excess of supply, which, concurring with a succession of productive crops of our own growth, could not fail of causing that reduction of the value of wheat, and of other agricultural produce, from 1817 to 1822, which has so unaccountably and gratuitously been ascribed to other causes.

3. That if it had been an object with the legislature, when the state of the currency was brought before it in 1819, to maintain the prices which had been the consequence of scarcity and speculation, no means were open to it but to degrade the standard by between 30 and 50 per cent. at a time when, by the ordinary tests of the price of gold and the exchanges, the utmost depreciation of the paper did not exceed between 3 and 5 per cent. It being to be borne in mind that a degradation of the standard to the extent supposed would have virtually defeated the operation of the corn laws, which, therefore, in the proposed view of keeping up prices, would have required a corresponding alteration.

4. That as the price of corn in France, and on the Continent of Europe generally, had, in 1816 and 1817, risen beyond the ordinary relative proportion to the prices in this country, so the fall of prices on the Continent, between 1817 and 1822, was more rapid, and to a much lower level, than ours. If, therefore, the fall of prices in this country formed sufficient ground for calling upon the legislature to degrade the standard, there would have been at least equal reason why the landed interests, and debtors generally, in Germany, Holland, France, and Italy, should have called upon their respective governments for a similar degradation of the standard of their currencies.

5. That the fall of prices on the Continent of Europe in 1818, which had preceded and gone beyond ours, was accompanied by an efflux of bullion from this country ; a circumstance which, according to the currency theory, ought to have had the effect of raising prices on the Continent.

6. That not only were the causes connected with the supply and demand sufficient to account for the fall of prices in this interval, without inferring a contraction of the Bank circulation as an originating or moving cause of that fall, but that, in point of fact, the issues of Bank notes and coin together, constituting the basis of the currency, were increased coincidently with the fall of prices.

7. That as an increase of the country circulation had been a consequence of the rise of prices from 1816 to 1818, so a reduction necessarily followed the fall of prices between 1818 and 1822.

8. That the prolongation, in the spring of 1822, of the term for the issue of country small notes to ten years from that time had not the effect ascribed to it of an immediate increase of the country circulation, and of a consequent rise of prices, inasmuch as all accounts agree in computing that the country circulation was rather reduced than extended during the twelvemonth following that measure, and inasmuch as the prices of corn continued to decline till the spring of 1823, a twelvemonth afterwards, when distinct grounds for an advance of prices occurred.

9. That whether looking to the state of supply and demand as regards production, or to the state of the circulation, whether of the Bank of England or of the country banks, or to the corresponding variation of bullion prices in the rest of the commercial world, the conclusion is irresistible that the act of 1819, for the resumption of cash payments, was perfectly inoperative upon the amount of the circulating medium, and upon

the state of prices in this country to the close of 1822.

10. That the accumulation of bullion in the coffers of the Bank in 1822 cannot be assigned as a cause of the low range of prices of agricultural produce at the close of that year, inasmuch as it will be seen in the next chapter that prices rose upwards of 50 per cent., coincidently with a further accumulation of no less than four millions in the year following.

The interval which has here passed under review has been confined to the four years ending in 1822, because the close of that year witnessed the depression of almost all articles to nearly as low a point as they have since again reached. Immediately after the close of 1822 there arose a fresh set of disturbing causes, the nature and extent of the operation of which we shall now proceed to examine.

CHAPTER VIII.

STATE OF PRICES AND OF THE CIRCULATION, FROM
THE COMMENCEMENT OF 1823 TO THE CLOSE
OF 1827.

THE epoch, upon the consideration of which we are now about to enter, comprises the memorable speculations of 1824-5, and the lamentable recoil from them, attended by an extraordinary derangement of the circulation, in 1825-6.

An advance in the prices of corn having occurred in the interval from 1822 to 1827 has been ascribed to the same general causes. But it will be seen, that although the prices of corn and of other provisions rose considerably, and were at a much higher range in that interval, than they had been in 1821 and 1822, the advance was not so coincident in point of time with the speculative rise in the prices of other produce and of shares, and of foreign loans, which characterised the speculations of 1824-5, as to admit of being brought within the same supposed influence.

SECTION 1. — *Variations of the Corn Trade in 1823, with reference to the asserted Influence of an enlarged Circulation of Paper in that Year.*

A rise in the price of wheat of upwards of 50 per cent. which occurred in 1823, has been laid particular stress upon by the partisans of the currency theory, as being illustrative of the effects of an

enlargement of the circulation of the Bank of England, and of the country banks, such enlargement being confidently asserted to have been the originating and the chief, if not the only, cause of that rise. Assertions to this effect are to be found in nearly all the pamphlets and speeches of the supporters of that doctrine. In the minutes of evidence appended to the reports of the Lords' and Commons' committees, of 1836, on agricultural distress, the leading questions, and the general tenor of the answers imply a full persuasion on the part both of the examiners and the examined, that an increase of paper was the main, if not the sole, cause of the rise in the prices of corn in 1823.

Seeing therefore the importance that is attached to the state of the corn trade in this particular year, it is desirable to enter into a separate examination of the causes of the advance of the prices of provisions in 1823, with a view of being enabled to judge how far the variations of price admit of being accounted for by circumstances peculiar to that branch of trade, and then to examine the grounds for the alleged influence of the currency.

The rise which is observable in the average price of wheat, in the two first months of 1823, namely, to 40s. 8d. in February, was mainly the effect of the necessarily increasing proportion of the superior new to the very inferior old coming to market. And a part of the further advance was ascribed in the contemporary accounts, and with great probability, to the circumstance of purchases by persons who had previously sold their old wheat, with a view to reinvestment in the new. Some speculative purchases were also made at that time, in pursuance of an opinion which had become prevalent, that prices had seen their lowest; and the excellent quality and condition of the wheat of 1822, afforded additional inducements to act upon that opinion. The winter of 1822-3, although not memorable for

severity and duration of frost, was rather a rigorous one, and the spring of 1823 was very backward, with a prevalence of cold dry weather till the latter end of June. From these combined circumstances, the average prices had risen in June, for

Wheat	-	-	to	62s. 5d.
Barley	-	-	—	33s. 9d.
Oats	-	-	—	26s. 10d.

The weather, however, afterwards improved, and as the recent rise had induced large supplies from the farmers, the old stock being found to be more considerable than had been supposed, the markets gave way. Although the weather at harvest was unsettled, with a considerable proportion of wet, accompanied, with reports of injury to the crops, prices still continued to decline, and in October of that year the averages were, for

Wheat	-	-	-	46s. 5d.
Barley	-	-	-	25s. 4d.
Oats	-	-	-	20s. 6d.

The fall in the price of wheat being thus no less than 16s. the quarter.

But as it had been found on threshing, that the produce of the crops was really deficient, while the old stock had been materially reduced, there was a rally of the markets at the close of the year, the averages in December being, for

Wheat	-	-	-	50s. 8d.
Barley	-	-	-	27s. 6d.
Oats	-	-	-	20s. 7d.

As the circumstances under which these fluctuations occurred must be still distinctly within the recollection of many persons who were then, as they are at present, extensively concerned in the corn trade, I can confidently appeal to them for the correctness of this description.

But supposing these circumstances insufficient, we shall now proceed to see how far the issues of

the Bank of England, or the country banks, were to such an extent, or at such times as can bring them into the relation of cause and effect, with those fluctuations.

In the reference which is commonly made to an increase of the circulation of Bank of England, and of country bank notes, as the cause of the rise of the price of corn in 1823, it is clearly implied that it was an increase of paper beyond the due proportion to the metallic basis of the currency. That such is the meaning of those who assign an increase of paper as the cause of the rise of prices may be clearly inferred from their imputing that increase to the design of government to give relief to the suffering agricultural interests, not only by the prolongation of the term for the country small note circulation, but by the plan proposed by ministers, and sanctioned by parliament, in the spring of 1822, for an issue of four millions of exchequer bills *, in aid of public works. Now, a reference to the facts of the case will show,

1. That the increased issue of notes by the Bank of England in 1823 was less than the increase of bullion in its coffers.

2. That the increase of Bank of England notes in 1823, was not in amount or order of time, such as to admit of its being connected in the relation

* In the examination of evidence by the Committee of the House of Commons, on the Bank Charter, in 1832, it is assumed in some of the questions, that this proposed advance of four millions of exchequer bills was tantamount in its influence on the currency, and thence on prices to an additional issue of Bank notes to that amount: thus confounding the creation of marketable securities with the issue of so much paper money. And as, taking some extreme points of the state of the Bank issues in 1822 and 1825, there was an increase of about four millions of notes, the inference is implied, that the increase was entirely caused by that measure, while in truth, these exchequer bills do not appear to have had the slightest effect upon the Bank issues, the whole increase of which, in 1823, was, as appears in the text, considerably short of the increase of bullion.

of cause and effect, with the variations of the price of wheat.

3. That there was no such increase in the amount of public securities held by the Bank in 1823 as to justify the supposition that the issue of exchequer bills had added to the circulation.

4. That the country bank circulation does not appear to have experienced in 1823 any enlargement corresponding even with that which had taken place in the circulation of the Bank of England, and still less in proportion to the increase of the amount of bullion in the coffers of the Bank.

1. The comparison of the circulation of the Bank of England with the amount of its treasure stands thus :—

Average amount of Bank Notes.				
1822	-	-	-	£ 17,862,890
1823	-	-	-	18,629,540
Increase,				- £766,650
Average amount of Bullion in the years ending				
	Gold.	Silver.	Total.	
28 Feb. 1823*	£8,135,629	£ 2,119,069	10,254,698	
28 Feb. 1824	10,805,780	1,801,183	12,606,963	
Increase				- £2,352,268

* The only returns of the yearly average amount of bullion, are for the years ending in February of each year. The returns here given comprise ten months of 1822, and ten months of 1823, thus answering the purpose proposed by the comparison with the circulation. But it may serve as an amusing instance of the manner in which the conclusion from this comparison is sought to be eluded, to cite the following questions and answers in the examination of Mr. Harman, by the Committee on the Bank Charter, p. 151., the questions being evidently by a partisan of the ultra-currency doctrine. "The amount of bullion, as appears from the paper before the Committee held by the Bank in February 1822, for the average of the year up to that period, was 11,600,000*l.*; and for the average of the year ending February 1825, 11,800,000*l.*, so that there could only have been 200,000*l.* of notes issued on bullion deposited at the Bank?" Answer.—"In the years 1824 and 1825, there

By this statement it appears that the accumulation of treasure in the coffers of the Bank, on an average of the year ending February 1823, having already amounted to the large sum of upwards of ten millions, and a further increase having taken place in the following twelve months, to an amount

was a very considerable reduction of the amount of bullion, but also a very considerable reduction of our floating government securities, to the amount, I should think, of four millions and a half.”—“ With respect to the issues prior to February 1825, does not it appear, according to the figures that have been quoted, that those issues could not have been issues upon bullion, but that they must have been either on government securities or advances on mortgages, or advances on stock, or upon advances of a similar description ? ” * — “ Yes.”

Now, here the inference proposed by sinking the comparative amount between February 1822 and February 1825 is, that the increase of Bank notes, during the whole of that interval had been issued on securities, and that the securities must have been the exchequer bills voted in 1822: whereas, it is clear beyond question, that from February 1823 to February 1824, the whole increase of issues was considerably short of the increase of bullion; and it is in that interval that the great improvement took place in the prices of corn, which is so gratuitously ascribed to an issue of exchequer bills, converted by an unfounded supposition into Bank notes.

* It is to be borne in mind, that Mr. Harman disclaimed being able to speak with accuracy on points of detail. At the outset of his examination he said, “ Having been out of the Bank so long, and having no intercourse whatever with it, I did not come prepared to enter into detail.” And when asked, “ Did you take any measures in order to increase the circulating medium in 1821 and 1822, for the purpose of relieving the country from the low prices which then existed ? ” he answered, “ I must plead want of recollection of particular periods.” “ About that time, did you take any measures for the purpose of increasing the circulation of the country ? ” “ If I had known that these questions would have been put to me, I would have refreshed my memory with documents which are not in my possession.” After this very proper disclaimer it must be quite clear, that if Mr. Harman could have refreshed his memory by documents, he could not have given an unqualified affirmative to the question above quoted.

of no less than two millions three hundred thousand pounds, the enlargement of the Bank circulation of about seven hundred and fifty thousand pounds, was actually less than one third of the increase of bullion in the corresponding period. And yet this increase of paper in so small a proportion to the influx of bullion has been asserted, and repeated from speech to speech, from pamphlet to pamphlet, and from examiner to examiner, as a designed and forced issue of paper, a tampering with the currency in order to raise prices, with the express view of assuaging the discontents of the landed interests, at the low price of corn, and as the principal if not the only cause of the rise of prices in 1823.

2. If the enlargement of the Bank issues had not been in a small proportion only to the influx of bullion in 1823, the periods and the amount of issues were not such as to admit of the relation of cause and effect with the price of corn. The average amount of Bank notes was, in the quarter ending

		Price of Wheat.
30th Sept. 1822	£18,379,440	Sept. 1822 39s.
31st Mar. 1823	17,993,270	Mar. 1825 48s.

But there was an increase of the Bank circulation in the last six months, as compared with the first six months of 1283. The comparison will stand thus:—Average amount of Bank notes in the six months ending

		Price of Wheat.
30th June, 1823,	£17,416,650	June, 1823, 62s. 5d.
31st Dec.	18,606,115	{ Oct. 46s. 5d.
		{ Dec. 50s. 8d.

Here, with an increase of issues to the extent of 1,200,000*l.*, we have a fall in the price of wheat of upwards of 20 per cent.

And if the monthly averages of Bank notes and of the price of wheat be taken from June to the end of the year, being the interval during which

the increase was most observable, the discrepancy will be found to be still more striking; thus:—

Average of Bank Notes.		Price of Wheat.	
June, 1823,	£17,050,414	-	62s. 5d.
July	- 19,700,494	-	59s. 6d.
Aug.	- 17,743,656	-	58s. 10d.
Sept.	- 18,234,628	-	53s. 10d.
Oct.	- 18,681,588	-	46s. 5d.
Nov.	- 20,406,564	-	50s. 3d.
Dec.	- 17,955,778	-	50s. 8d.

It must be an extraordinary sort of logic that would infer a connection between these variations of the amount of Bank notes and the prices of wheat, and yet it is a settled article of faith in the currency doctrine, that the price of corn in 1823, was mainly, if not solely, governed by the amount of the Bank circulation, which is assumed to have been increased by four millions in immediate and necessary consequence of the plan of ministers for issuing that amount of exchequer bills to parishes and other parties in aid of public works.*

3. If however the proofs derived from the comparative circulation were not sufficient in the ne-

* Thus Mr. (now Lord) Western, in a debate on the currency in the House of Commons, 3d April 1827, said, "Let them compare the price of 1824, 1825, and 1826 with that of 1822, and consider the cause of it. Did not Lord Londonderry in the House of Commons, and Lord Liverpool in the House of Lords, declare, that the financial measures then taking place were not a consequence of want of money for the service of the state, but simply to enlarge the circulation? The circulation was accordingly enlarged, and the prices of 1824, 1825, and 1826 were owing to that cause."

And Sir James Graham, in a debate, 3d June 1828, on the bill for preventing the circulation of Scotch small notes in England, expressed himself to the same effect.

"In 1822," he said, "wheat had got down to 42s.; lower, absolutely, than at any period since the revolution. What had been the conduct of the minister of that day? The Marquis of Londonderry, with a statesmanlike courage and decision, had met the evil upon its real merits. He had not treated it as an effect of a fluctuation of prices, of want of means of consumption, or of superabundant harvests. The noble Marquis had said plainly and directly, 'This is a question of cur-

gative of the hypothesis, that the issue of the four millions of exchequer bills had not the effect of adding by that or any perceptible amount to the circulation, a single fact may be adduced, which, of itself would be quite decisive, viz. that the public securities held by the Bank in August 1823 were lower in amount than they had been in February 1822, as may be seen by the following comparative statement:—

28 Feb. 1822	-	-	£12,478,133
31 Aug. —	-	-	13,668,359
28 Feb. 1823	-	-	13,658,829
30 Aug. —	-	-	11,842,677

this last amount being lower than it had before been since 1805.

4. But failing of even the semblance of any influence from the Bank of England issues, or from the issues of exchequer bills on the price of corn in 1823, and relying on the vagueness and obscurity which prevail with respect to the country bank circulation, the partisans of the currency doctrine must be driven to resort to the latter description of circulating medium as operating most powerfully on prices.

Vague, however, and unsatisfactory as are the means of judging of the amount of the country circulation, it may be worth while to refer to such computations as rest upon any authority whatever. The attempts at computation most commonly made have been by a reference to the number of stamps issued in a particular year. These are all issued

rency. The currency of the country is too contracted for its wants, and our business is to apply a remedy.' He had then forced an addition to the circulation of four million pounds upon exchequer bills, in the shape of an advance from the Bank to Government, and had postponed the operation of the small note repeal bill from 1825 to 1833; and again as before, in the year 1826, the price of wheat had risen to 68s., and comparative prosperity had ensued."

on the 10th October of each year, and the numbers for the four years ending in 1823 stand thus :—

1820	-	-	-	3,574,894
1821	-	-	-	3,987,582
1822	-	-	-	4,217,241
1823	-	-	-	4,657,589

If, therefore, the stamps issued were the criterion of the amount, it would appear that the circulation in 1822 was larger, while the price of wheat was considerably lower, than in 1820. But the computation by Mr. Sedgwick, of the Stamp-office, supposes the amount in circulation to have been—

1820	-	-	-	£11,767,391
1821	-	-	-	8,414,281
1822	-	-	-	8,067,260
1823	-	-	-	8,798,277

This computation, however, founded on the stamps issued, besides being, for reasons before stated, not at all to be relied upon*, does not give the period of each year in which the alteration in the amount took place. If it is assumed to have taken place at about the period of the issue of new stamps, viz. 10th October, it will follow that the first increase was in October, 1823, consequently *after* the rise in the price of wheat, which took place in the early part of that year.

And, independently of this computation, it might be inferred, that the improvement of the markets for grain, and consequently of the condition of the

* Mr. Samuel Gurney, in his evidence before the Bank Charter Committee, was asked, “ Do you think, that from the amount of stamps any accurate calculation can be formed ? ” — Answer. “ I think it is a fallacious guide.” — “ Why fallacious ? ” “ Because there is a continual waste upon them. A country banker may have a large amount of notes that are stamped, and a small proportion of them only in circulation.”

Of the extravagance of exaggeration of the amount of country notes, at particular periods, derived from the computation founded on the stamps, the extreme variation between particular years would of itself afford a very strong presumption ; and if it were worth following out into all its consequences, would lead to the most glaring incongruities.

farmers, the causes of which have been described, would be followed by an increase of the country circulation. But, according to the best authority extant, it appears doubtful whether there was any increase at all in the issues of the country banks in 1823, as compared with 1822.

Mr. Henry Burgess, who, as secretary to the committee of country bankers, was one of the witnesses examined by the Committee of the House of Commons on the Bank Charter in 1832, gave a statement of the relative increase or decrease of the circulation of 122 banks in England and Wales, from the year 1818 to 1825, showing the comparative amount in each year, assuming the amount in 1818 to be designated as 100.

The general result is thus stated:—

	£	Difference.	£	s.	d.	
1818	12,200					
1819	11,991	209 being	1	15	0	} per cent. decrease from 1818.
1820	11,487	713	5	16	10½	
1821	11,352	848	6	19	0	
1822	10,778	1422	11	13	1¼	
1823	10,748	1452	11	18	0¼	
1824	11,640	560	4	11	9	
1825	12,478	278	2	5	6¾	increase over 1818.

As the means of information possessed by Mr. Burgess on this point were the best probably that the nature of the subject admitted of, the above statement is entitled to carry great weight. According to that statement, the lowest period of the country circulation was in 1823.

But the statement of Mr. Burgess, independently of the strong presumption which it affords in the

* Mr. Burgess was asked, "What proportion do you think the 122 bear to the principal banks in England and Wales?" "I should think, one third."—"Have you any idea what proportion of the whole issues belong to those 122 banks?" "I should think much more than one third."—"Should you think that the account of these 122 bankers gives a fair view of the operations of the whole body of the country bankers of England and Wales?" "Perfectly fair."—"And you think the general result, drawn from this scale, would correspond with the result of all the bankers of England and Wales, if you had returns from them?" "I think it would with great accuracy."

negative of the supposed increase of country bank notes in 1823, is of importance as corroborative of other grounds for believing that all the computations hitherto made of the country circulation from the stamps issued, have enormously overrated both the amounts in particular years, and the variations from one year to another.

Indeed, the discrepancy in the latter point between Mr. Sedgwick's computation and Mr. Burgess's is most striking; for, according to Mr. Sedgwick's statement, the reduction in 1822, compared with 1820, is upwards of 30 per cent., while Mr. Burgess, upon data infinitely more probable, makes the difference little more than 6 per cent. There can hardly be a question, it is presumed, after this statement, that there was no such enlargement of the country circulation as to have caused the rise of corn in 1823.

Not only, however, are the facts here stated decisive against the hypothesis of an enlarged issue of paper as a principal if not the only cause of the rise of the price of corn in 1823, but, if the direct proofs to that effect had not been so clear as they are, a strong presumption against the imputed influence of an enlarged circulation would be afforded by the circumstance, which will be more distinctly noticed a few pages hence, that while corn was rising in 1823, and in the early part of 1824, most other descriptions of produce were falling. And having seen, at the same time, that the circumstances immediately affecting the actual and prospective supply of corn were such as fully to account for the variations of prices in 1823, we may safely pronounce the currency theory of those variations to be wholly and, in every part of it, utterly unfounded. We shall now proceed to examine the causes of the variations of the prices of corn during the remainder of the epoch proposed for consideration.

SECTION 2.—*Prices of agricultural Produce from 1824 to 1827, examined in Connection with the Circulation.*

In the commencement of 1824, a considerable advance took place in the price of corn, wheat especially, of which the crop of 1823, having been found to be deficient in quality and in quantity, in a degree beyond the previous estimates*, rose rapidly, the average price having advanced to 59s. 8d. in January, and to 65s. 10d. in February, 1824. And as this advance was accompanied by an increase of Bank notes, the rise is as usual, according to the received theory, ascribed to that increase.

The average of Bank notes of 5l. and upwards was, for the quarters ending

	£	Price of Wheat.
31st Dec. 1823,	18,603,210	52s. 8d.
31st March 1824,	19,174,890	65s. 10d.

Here then again it may be said is a clear case of cause and effect.

But in this, as in former instances, the facts of the case, if pursued, are destructive of the theory in question. If the increase of Bank notes raised the prices, a farther increase ought to have sustained, if not farther to have advanced them. But there was an increase of Bank notes in the following six months, during which the price fell upwards

* As a proof how inferior the crop of 1823 had proved in quality as well as quantity, it may be sufficient to refer to the quotations in Mark Lane, in January, 1824, namely, for

New Wheat,	-	-	48s. to 63s.
Old ditto,	-	-	55s. to 78s.

And, according to Messrs. Cropper, Benson, and Co.'s survey, the yield of that crop was computed to be short of an average in the proportion of 27 to 32, which, estimating an average crop to be about twelve millions of quarters, would make the deficiency nearly two millions of quarters.

of 10s. the quarter, the average for September being 55s. 4d. Thus, for the quarter ending

	Bank Notes.	Price of Wheat.
30th June 1824,	£19,442,730	62s. 5d.
30th Sept. —	20,177,820	54s. 6d.

At the same time, even admitting that the rise in January and February, 1824, had been the effect exclusively of an increase of Bank paper, that increase was not commensurate with the increase of bullion, which in January, 1824, had reached the enormous amount of 14,200,000*l.* If the act of 1822, for prolonging the circulation of the country small notes, had not been passed, and sovereigns had been substituted for those notes, the Bank treasure would still have been in a fair proportion to its liabilities, there would have been the same quantity of money in circulation, prices would have been just as they were, and we should have heard nothing of the tampering with the currency in 1822 (objectionable as that measure was on other grounds), as the cause of the rise in the price of provisions in 1823 and 1824. It is clear, therefore, that the same argument by which the negative has been established, of the supposed influence of a designed enlargement of paper in producing the rise in the price of corn in 1823, is equally applicable to the renewed rise here noticed in the first quarter of 1824.

After the rise of the price of wheat to 65s. 10d. in the early part of 1824, it was discovered, by the large supplies from the farmers, that, although the crops of 1823 had on all hands been allowed to be deficient, yet, with the old stock from previous years, it was adequate to supply the consumption at its ordinary rate till after the ensuing harvest. A conviction of this kind, when there is no ground for speculation upon the coming crops, is always attended with dull and drooping markets; and there was, as we have seen, a progressive fall of upwards

of 10*s.* per quarter in the six months following, namely, to 55*s.* 4*d.* in September, 1824.

The weather, however, during the harvest of 1824, was unsettled; and the latter part of it, in the more northern districts especially, was remarkably wet. The produce was, according to all reports, again deficient.* The stock on hand had in the interval been further reduced, there being no longer, as heretofore, samples of wheat of three or four years old at market. Under these circumstances, an advance of price, after the harvest of 1824, proceeded upon perfectly reasonable and adequate grounds. And it is a very strong presumption that the corn market at that time was not influenced by the prevailing spirit of speculation, that the rise was so moderate in the spring of 1825, viz. to 67*s.* 6*d.* for wheat, being only 2*s.* higher than it had been a twelvemonth before, when there had been still a considerable old stock, and when the markets for commodities had been in a quiescent state.

The agitation of the question of the corn laws, in the spring of 1825, contributed probably among other causes to preserve the corn market from the effects of the spirit of speculation which then prevailed in other branches of trade. But such was the general impression of the progressive reduction of the old stock of grain, and of our consequent increasing dependence on the produce of the forthcoming harvest, that, notwithstanding the admission in April of 525,231 quarters of foreign wheat for home consumption, at a duty of 10*s.* the quarter, the price did not fall below 68*s.* the quarter till the commencement of an unusually early and a promising harvest.† It was not till after the crops in the

* Independently of the injury sustained by the wet weather in harvesting, the crops were supposed to have suffered from very heavy rains, followed by cold winds, in the latter part of May.

† The season of 1825 presented nothing remarkable in the winter and spring of either severity or mildness; but the summer proved to be very fine, dry and hot, and so continued, except-

great corn districts were secured in good condition, and found to be productive, that the price gave way at all, and then very slowly. But while, after the harvest of 1825, wheat fell, although slowly, all other grain, of which the produce was comparatively deficient, rose in price, as will be seen by the following statement. Aggregate average of the six weeks ending

	Dec. 1824.		Mar. 1825.		Dec. 1825.	
	s.	d.	s.	d.	s.	d.
Wheat	63	6	69	1	64	4
Barley	40	3	38	11	41	2
Oats	23	4	24	8	26	8
Rye	38	4	39	7	44	1
Beans	40	7	37	2	45	9
Peas	47	7	39	9	48	10

Hence it will appear that, notwithstanding the great contraction of the circulation of the whole kingdom during the last six weeks of 1825, the price of all grain, wheat excepted (of which there had been a large admission of foreign), was higher than it had been during the excitement and speculations of the first three months of that year. The prices of meat, too, appear to have been uninfluenced by the state of discredit, and the great pressure on the money market, at the close of 1825, inasmuch as the quotations were then within the merest trifle as high as they had been in the spring of that year.*

In the first three months of 1826, the price of

ing a few beneficial showers in August, till the securing of the crops in good order throughout the kingdom. The wheat harvest was general in the home districts, in the latter part of July.

* The following prices of the best meat in Smithfield Market are from the "Farmer's Journal."

	Beef per Stone.			Mutton per Stone.		
	Highest.	Lowest.	Mean.	Highest.	Lowest.	Mean.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Last Quarter of 1824	4 10	4 0	4 5	5 0	4 2	4 7
First Quarter of 1825	5 2	4 10	5 0	6 0	5 0	5 6
Last Quarter of 1825	5 4	4 8	5 0	5 4	5 0	5 2

wheat fell from an average of 60*s.* in January, to 55*s.* 6*d.* in March. This decline might be owing, in some degree, to the state of discredit, and to the great pressure for money which was then felt; but it was in a greater degree apparently owing to the apprehension which was then generally entertained, that the wheat in bond would be liberated, as had been done in the spring before, at a low duty. There is reason to believe that the latter was the preponderating cause, inasmuch as, upon a declaration made by ministers in parliament, in the early part of the session, that there was no intention of admitting the wheat then in bond, the average price rose in April to 60*s.* This, in the distressed state of the manufacturing population, was a high price; and other descriptions of food were still higher in proportion. But, under the uncertain prospect of the coming crops, the appearance of which in the spring was not promising, and the conviction of a greatly diminished stock on hand, apprehensions were entertained of a further advance. As a measure therefore of immediate relief, as well as with a view to allay the complaints of the working classes, which were becoming very loud, and were breaking out into acts of violence in some of the manufacturing districts, government, contrary to its former expressed determination, proposed to parliament, on the 1st of May, 1826, the release of all the corn then in bond. And ministers further proposed, as a precaution against the contingency of an unfavourable harvest, to be invested with discretionary powers to admit, during the recess of parliament, such additional quantity, not exceeding 500,000 quarters, as circumstances might dictate. An intimation was at the same time given of the intention of government to propose early in the following session of parliament an essential change in the corn laws, involving a great relaxation of the prohibitory part of the system.

These measures coinciding with a depressed state of credit, and followed as they were by a remarkably early harvest*, of which the wheat crops were computed to be somewhat above an average in quantity, and secured in the best condition, had the effect of keeping down the price of wheat, which ranged from 58s. to 55s. during the remainder of 1826. But, while the wheat crop had been favoured by the hot and burning summer of that year, all other grain and the leguminous products had suffered from the drought, and were greatly deficient; insomuch that government authorised, by an order in council, 1st September, 1826, the admission of oats, at a duty of 2s. per quarter, and of rye, peas, and beans, at a duty of 3s. 6d., the order to continue in force for forty days from the next meeting of parliament. The averages at the close of the year were, for

				s.	d.
Wheat	-	-	-	58	1
Barley	-	-	-	38	0
Oats	-	-	-	31	4
Beans	-	-	-	52	8
Peas	-	-	-	54	6

Here we have the prices of oats and beans and peas higher in 1826, during a restricted state of the general circulation, and after notice of the approaching suppression of the country small notes, and after the admission of a large foreign supply, than they had been during the enlarged circulation of the spring of 1825.

And, even with regard to wheat, notwithstanding the depressing circumstances of the times—not

* The winter of 1825-6 was rather colder than the preceding one, but, with the exception of ten days of sharp frost in January, not very severely so. The spring following was rather ungenial, being cold and dry till the latter end of May, when there were some heavy warm rains, followed by brilliantly fine weather, which set in early in June, and continued uninterruptedly hot and dry till the first week in September.

withstanding the approaching suppression of the small note country circulation, and the prospect, amounting almost to a certainty, that the stock in bond, which had been imported in 1826, to an extent of upwards of 500,000 quarters, would be admitted for home consumption before the following harvest, the price rose to 60*s.* in July, 1827.

The crops of 1827 * were computed to have yielded a full average of all grain, in point of quantity ; but the wheat, in condition and quality, was greatly inferior to the crop of the preceding year.

As soon as it was ascertained that the produce of 1827 was not decidedly deficient, and that there was consequently no probability of any immediate advance of price, the greater part of the wheat and flour which was in bond, amounting to 572,733 quarters, was entered for home consumption, under the provisions of Mr. Canning's bill, at a duty exceeding 20*s.* per quarter. This admission of a foreign supply at a time when our own crops had been secured in sufficient quantity, as it was estimated, to meet the ordinary rate of consumption till the following harvest, was naturally calculated to depress the markets. The average price accordingly then declined progressively, till it reached its lowest point of depression in December following, namely, 49*s.* the Winchester quarter. But this fall took place, not only without any coincident

* The winter of 1826-7 was rather colder than either of the two preceding winters, but still not of a character of remarkable severity. The spring following presented nothing unusual. The summer was cold and dry ; the harvest backwarder than in the two preceding seasons, and in its progress was attended with unsettled weather, especially in the northern division of the island.

In consequence of the succession of two seasons marked by a prevalence of drought, the price of meat in the spring of 1827 was relatively high, the quotations in Smithfield being —

Beef,	-	-	4 <i>s.</i> 4 <i>d.</i> to 5 <i>s.</i> 6 <i>d.</i> per stone.
Mutton,	-	-	4 <i>s.</i> 5 <i>d.</i> to 6 <i>s.</i> do.

contraction of Bank issues*, but was accompanied by an increase of them. Credit had been restored, and the general circulation had been consequently greatly enlarged, more especially as compared with the autumn of 1825, when the prices of wheat, and of corn generally, were from 20 to 30 per cent. higher than in the last six months of 1827. If the facts here adduced should not be deemed sufficient, they might be multiplied without end, in proof of the utter want of connection, in the relation of cause and effect, between the state of the corn markets and the state of the circulation, from the commencement of 1823 to the close of 1827.

While, however, in these variations so little influence of the currency is perceptible, we may distinctly trace the operation of the corn laws. If the law of 1815 had been rigidly enforced, and if the relaxation of it, by the admission of foreign corn into consumption in 1825, 1826, and 1827, had not taken place, the price of wheat in 1826 and 1827 † must inevitably have ranged from 70s. to 80s., supposing the public to have submitted to so grievous a monopoly price. Thus, while all other productions were at greatly reduced prices, and still falling, we should have seen the prices of corn rising, so as to constitute a severe dearth. And no possible ingenuity could, in that case, have reconciled the state of the corn markets with the state of the circulation consistently with the operation ascribed by the currency doctrine to Peel's bill.

On the other hand, as the crops on the Continent, in the period under consideration, appear to have been more abundant than they were in this country,

* Notes in circulation, average of the months —

Dec. 1825,	-	-	£19,748,840
1827,	-	-	20,762,380

† The total quantities of foreign grain and meal admitted for home consumption, in the two years, 1826 and 1827, amounted to no less than 5,083,659 quarters.

those of 1823 and 1824 more especially, there would, if our ports had then been open at a low fixed duty, have been large importations, which would have been attended with important consequences in a two-fold point of view. The prices of grain would not have risen as they did between 1822 and 1827, and there would not have been such an accumulation of gold in the coffers of the Bank in 1823 and 1824, as induced and emboldened the directors to enter into engagements for enlarging their securities to such an extent as brought that establishment into the critical position in which it stood at the close of 1825. It is, indeed, clear, almost to demonstration, that it was by the corn laws, combined with the state of the crops, and not at all by the circulation, that the prices of grain were influenced in the interval from 1822 to 1827. Nay, farther, that not only was the circulation not the cause of the variations in the prices of corn in that interval, but that the prices of corn under our monopoly system exercised a considerable influence, in that interval, on the state of the circulation.

SECTION 3.—*State of Markets for Produce and Commodities other than Corn, from 1823 to 1825.*

In the early part of 1823 the entrance of the armies of France into Spain, giving rise to the apprehension of a general war in Europe, caused a speculative advance in the prices of colonial produce, and of some other commodities of which the cost of production was likely to be raised, or the supplies obstructed, by such an event. Coffee and sugar, and several other articles, were supposed to be likely to be so affected, and experienced therefore a considerable rise of price in the three first

months of 1823. But, when it was found that the government of this country did not interfere to prevent the occupation of Spain by the armies of France, and that consequently there was no longer any ground for apprehension of a general war, the markets for those articles relapsed to their former state.

Later in the season, a speculation in cotton, and consequent advance of prices, occurred, on the ground that the reduced stock on hand, with the computed probable importation, was likely, according to the estimates then formed, to fall short of the rate of consumption. But the importations proved to be beyond the estimated quantity, while the consumption appeared to have been checked, and prices soon subsided to the state from which they had been speculatively raised.

With these exceptions, and other isolated speculations of less note, attended by the same result, *the prices of goods generally were either stationary or dull and drooping through the first six months, and in some cases (the important article of coffee for instance), till the close of 1824.* This dull and drooping state of markets for nearly all descriptions of goods, which prevailed more or less in the last six months of 1823, and the first six months of 1824, while the corn markets, although fluctuating, were at a comparatively high range, appears to have been lost sight of in all the speeches and pamphlets referring to that period. The impression universally prevalent seems to be, that an excited and generally speculative tendency existed in the markets for all other kinds of produce as well as corn, commencing in 1823, and proceeding with only occasional oscillations till the summer of 1825. And this impression is calculated to favour the theory which ascribes to an enlargement of the currency the whole of that rise of prices. But the real state of facts is wholly at variance with this impression.

In most of the great branches of trade there prevailed, in the latter part of 1823, and the greater part of 1824, a general character of prudence and sobriety, without any apparent resort to an undue extension of credit. There was still at this time a prevalence of the caution which had been taught and enforced among the commercial classes by the reverses and losses which had been sustained by the great fall of prices since 1818. Due attention was still paid to the most obvious elements of mercantile calculation ; and, although there was an evident tendency to increased speculation, the objects for the exercise of it were selected with a considerable degree of care and sobriety. Goods had been imported or bought in the home market at the lowest prices, and with a practical knowledge of the grounds for estimating the actual and contingent supply, compared with the probable consumption ; and manufacturers had laid in their raw materials, and erected their machinery, on such terms as enabled them to supply both the foreign and the home market with wrought goods, which, although comparatively cheap, left a fair profit. The low prices of the raw materials, and the improvements of machinery, which had in a still greater proportion reduced the cost to the consumer, had greatly extended the consumption of most descriptions of manufactured articles both at home and abroad. And the trade and manufactures of the country had never before been in a more regular, sound, and satisfactory state than in the interval from 1821 to 1824.

At different periods in 1824, but chiefly towards the close of it, according as attention had been drawn to the actual and forthcoming supplies, it was observed that, in some of the leading articles, the rate of consumption was outrunning the actual and (as far as could be calculated) the contingent supply. An incentive was thus afforded to the

spirit of speculation, and as, on some former memorable occasions (such, more especially, as in 1808 and 1809, and in 1816 and 1817, when from casual scarcity or under-supply, occurring coincidentally in several branches of trade, the markets assumed a decided upward tendency), the example of successful early purchases attracted general attention, and induced extensive imitation.

The closing months of the year are those in which, by annual custom, the stocks of goods on hand, and the prospects of supply and probable consumption for the coming season, are stated and reasoned upon by merchants and brokers in circular letters addressed to their correspondents and employers. By these circulars it appeared that, of some important articles, the stock on hand fell short of what it had been at the close of the preceding year. From this the conclusion was more or less plausibly deduced, that the rate of the annual consumption of those articles was outrunning the utmost actual and probable supply, and that an advance of price must necessarily be the consequence ; not, however, considering that a great part of the increased consumption had been owing to the reduced price. At the same time there were, on the present occasion, in the case of some leading articles, such as cotton and silk, confident reports of failure of crops, or other causes which would infallibly diminish the forthcoming supply. Expectation of scarcity was thus combined with actual deficiency, in further exciting the spirit of speculation, which had been already roused, and to which, as will hereafter be seen, the state of the money market, or, in other words, the low rate of interest, afforded great facility.

The impulse to a rise of prices being thus given, and every succeeding purchaser having realised, or appearing to have the power of realising, a profit, a fresh inducement appeared, at every step of the advance, to bring forward new speculative

buyers. Accordingly, at the close of 1824, and the commencement of 1825, the example of early successful speculation had become infectious. The purchasers were no longer such only as were conversant with the market: many persons were induced to go out of their own line, and to embark their funds, or stretch their credit, with a view to engage in what was represented to them by the brokers as a certain means of realising great and immediate gains.

Cotton, from its importance, and from its affording, in the first instance, the fairest grounds for investment, became a prominent object of speculation, on the most extensive scale, and at exorbitant prices. Silk, wool, flax, and other articles, in which some advance was justified by the state of supply relatively to the consumption, became successively the subjects of a speculative anticipation, and advanced much beyond any reasonable bounds.

There then arose an impression that all purchases of goods were likely to answer. This impression was encouraged, if not produced, by the recommendations of the brokers to those to whom they had access. The following extract, from one of the commercial circulars in the latter part of 1824, will serve as a specimen of the inducements then held forth to speculation:—

“ Commercial affairs have lately improved, and the following articles have advanced 10 to 25 per cent., viz. indigo, rice, gum, nutmegs, pepper, pimento, and other spices, &c., as noted in the value affixed to each respective article in the columns of prices. Speculators have shown an eager inclination to invest extensively in such articles as are low in price, or where the stocks have been reduced by regular deliveries for shipping or consumption; and the following we think deserving the attention of our speculative friends, as possessing some claim, either to the one character or the other, namely, safflower, saffron, pot and pearl ashes, resin, linseed, oil, coffee, cochineal, tallow, sugar, and opium; other articles equally favourable may be recommended; but the above occur to us at the moment as likely to afford a remunerative profit.”

All the articles here enumerated, besides many others, became objects of speculative purchase.

Recommendations and incitements like these were aided by a reference to the following considerations. The steps in progress, preparatory to a recognition by our government of the South American states, had given rise to the most exaggerated expectations of an immediate extension of exports to those countries, while the chief returns from thence were looked for in the shape of the precious metals; the production of which, it was expected, would be rapidly extended by the application of improved machinery, and by the great outlay of British capital which was about being made in the American mines. From the various extensive projects for working those mines, the most brilliant results were anticipated. So sanguine on this head, indeed, were the views of persons otherwise well informed, that they believed and acted upon the belief of a diminished value of gold and silver, in consequence of the vast additional quantity which was speedily thus about to be raised. At the same time, independent of these anticipations, the remittances to South America of the very capital for the mining projects then afloat, as also for the loans raised in this country for those states, were made, in large part, in manufactures, besides mere stores and machinery; thus forming a great temporary increase of demand for manufactures. The flourishing accounts which, at the meeting of parliament, were officially announced of the finances, and of the general prosperity of the country, afforded scope for the most exaggerated views of rapid increase of consumption beyond what the production could keep pace with, unless at progressively advancing prices.

From these concurrent causes, the speculations in goods proceeded with extraordinary activity from the close of 1824 till an advanced period of the

spring following. The speculative anticipation of an advance was not confined to articles which presented a plausible ground for some rise, however small; it extended itself to articles which were not only not deficient in quantity, but which were actually in excess. Thus coffee, of which the stock was increased compared with former years, advanced 70 to 80 per cent. Spices rose, in some instances, 100 to 200 per cent., without any reason whatever, and with a total ignorance on the part of the operators of every thing connected with the relation of the supply to the consumption. In short, there was hardly any article of merchandise which did not participate in the rise; for it had become the business of the speculators, or the brokers who were interested in raising and keeping up prices, to look minutely through the general price currents, with a view to discover any article which had not advanced, in order to make it the subject of exaggerated demand. The extent of the rise of the articles which were the principal objects of speculation, will be seen by the statement, a few pages forward, of the fluctuation between 1824 and 1826.

The excitement here described reached its maximum in the first four months of 1825, there being few, if any, of the articles which had been the subject of speculation that had not attained their highest price before the end of April of that year.

It has been already observed, that the advance of prices, in its origin, was in a considerable degree justified by the reduced quantities, relatively to the estimated rate of consumption, of the principal commodities which had become the subject of speculation. And, if the speculations had been confined to the purchases with a view to re-sale at advanced prices of the goods on the spot, there would not have been anything like the extent of engagements that was eventually found to have

arisen out of them, nor the great revulsion of credit and the commercial failures which followed the turn of markets. The fact is, that in this case, as in 1808-9, and 1816-17, and in a recent and memorable instance in which the spirit of speculation had been, in the first instance, excited by a view of the reduction of stocks below the estimated rate of consumption, an exaggerated opinion of an increased rate of consumption and of a limitation of supply, induced engagements for purchases abroad, with a view to importations on a greatly enlarged scale; and the high prices, which could only be justified by their effect in eking out small stocks on the spot by a reduced rate of consumption, were extended to the forthcoming supplies, which were increased in quantity by those very prices which reduced the consumption.

Not only was this exaggeration of demand, compared with the supply, at high prices, the cause of increased importations, but it also operated temporarily in inducing increased exports. The reduced stocks of raw materials in this country, and the speculations thereupon, would, in most cases, be attended, in the first instance, with improved markets abroad for the manufactured goods into which those raw materials extend; and the improved markets abroad would give an impulse both to orders from thence, and to speculative shipments thither, beyond what would be found to be eventually carried off by consumption at the advanced prices. The transactions hence arising, and the engagements consequent upon them, might be, as, in fact, they were, entered into to a vast extent, long before any effect of them could be felt in the exchanges, or in the rate of interest, or in prices, or in the state of credit.

SECTION 4. — *Speculations in Foreign Loans and in Shares in 1824 and 1825.*

The speculations in foreign loans and in shares, which constituted so large a part in the general excitement which prevailed in 1824 and 1825, had, in their origin and progress, preceded, and, in point of extravagance, outrun those which have here been noticed as having taken place in the markets for goods. Various loans to the continental states of Europe had been negotiated in this country between 1817 and 1823; and all of these (with the exception of one to the Spanish government under the Cortes, which proved very ruinous to the subscribers) turned out eventually to be on a solid footing, the stipulated dividends being regularly paid. The stocks created by those loans participated only with our own government securities in the fluctuations incidental to all funded property whose estimation was not impaired by any apprehension of breach of faith or inability on the part of the government to pay the dividends.

The fall in the rate of interest in this country* had contributed to render all those investments in foreign stocks, with the exception of the Spanish, highly beneficial to the subscribers, and thus attracted attention and afforded inducements to that description of investment, which, accordingly, was

* The fall in the rate of interest is exemplified in the following comparative statement of the prices of the 3 per cent. consols (exclusive of the accruing dividend), and of the premium on exchequer bills: —

	3 per cent. Consols.			Premium on Exchequer Bills.
April 3. 1823,	73½	-	-	10s. to 12s.
July 1. —	80½	-	-	21s. to 24s.
Oct. 3. —	82½	-	-	37s. to 40s.
Jan. 1. 1824,	86	-	-	51s. to 53s.
April 2.	94½	-	-	56s. to 58s.
Nov. —	96½	-	-	60s.
Jan. 1825,	94½	-	-	68s.

entered into on a large scale. But the continued fall in the rate of interest had a further and more marked effect in determining capital to investment in foreign funds.*

The five per cents had, towards the close of 1822, been reduced to a four per cent. stock; and, early in 1824, the old four per cents were reduced to a three and a half per cent. stock. These financial operations were strictly in accordance with the conditions on which the loans were originally contracted, and the government would not have been justified in withholding from the public the benefit of that mode of reduction of charge for the public debt. But, by the individuals whose income was thus reduced, it was felt as a case of hardship; and those among them, more especially, whose mode of living was likely to be affected by such reduction, would naturally be more disposed than they otherwise would have been to resort to modes of investment attended with increased hazard, in return for the prospect of a much larger interest than that afforded by the funds of this country. It was a restlessness of feeling of this kind, combined with the facilities of the money market, or, in other words, with the fall in the general rate of interest, and with the too highly-coloured accounts of the resources and good faith of the states of South America, which gave occasion to the projects for loans to those states, and, at the same time, enabled the contractors to fill their lists. A considerable impulse to those projects, and to the eagerness with which they were entered into by the public, was given by the steps announced on the part of the government of this country, as preliminary to the formal recognition of the independence of the South American

* In the summer of 1822 the Bank reduced its rate of discount from 5 to 4 per cent.

states. Specious statements were held forth of the great resources and capabilities of revenue of those states ; and assurances were held out, and believed, of the good faith and the power of the several governments. to raise and appropriate the sums requisite for the payment of the dividends. The most sanguine expectations were entertained of the unbounded resources of those states, now that, being relieved from the trammels of the old Spanish government, those resources were about to be developed by a free commercial intercourse with this country.

The most flaming accounts were at the same time brought before the public of the productiveness of some of the principal mines of Mexico and South America, which had been temporarily abandoned during the civil wars in those countries, and which required, as was supposed, only the application of British capital and skill to render them more productive than ever.

In the early part of 1824, a very great variety of other projects were launched, all more or less favoured by the state of the money market. Of the several insurance companies which were started about this time, the Alliance British and Foreign Assurance Company, which had been brought out under the auspices of the late Mr. Rothschild, created the most sensation. No sooner had the prospectus been issued, than the shares rose to a very high premium.

The high premiums to which this and some of the earlier projects, whether for loans, for mining, insurance, or other joint stock companies, reached, served as incentives for the formation of new ones ; and, provided the names of the directors were at all known, the subscriptions tendered were greatly beyond the amount which was professedly required.*

* The following extract from the Annual Register for 1824 gives a very detailed and correct account of the state of things

It is particularly worthy of remark, that this state of things existed in the early part of 1824, because it will have an important bearing on the question, which will be separately examined, how far the

of that year, arising out of the disposition, on the part of the public, to enter into new schemes for the employment of capital : —

“ The abundance of capital led to the formation of numerous joint-stock companies, directed, some of them, towards schemes of internal industry ; others of them, towards speculations in distant countries. The mines of Mexico was a phrase which suggested to every imagination unbounded wealth ; and these companies, — the Real del Monte Association, the United Mexican, and the Anglo-Mexican, — were formed for the purpose of extracting wealth from their bowels by English capital, machinery, and skill. Similar companies were formed, in the course of the year, for working the mines of Chili, of Brazil, of Peru, and of the provinces of the Rio de la Plata, and for prosecuting the pearl fishery on the coast of Columbia. So great was the rage for speculation, that, in the course of a very few weeks, in the early part of the year, the following undertakings, among others, were brought forward in London, and found subscriptions courting their acceptance : — The Alliance Fire and Life Insurance Company, with a capital of four millions ; — The Palladium Fire and Life Insurance Company, with a capital of two millions ; — The British Annuity Company, whose capital was three millions ; — The Metropolitan Investment Company, with a capital of one million ; — The Thames and Isis Navigation Company, with a capital of one hundred and twenty thousand pounds ; — An Ale Brewery Association, with a capital of two hundred thousand pounds ; — A Company for obtaining from Government a Grant of a Million of Acres of Land in New South Wales, and for improving the Growth of Wool ; — An Association for the cutting a Canal across the Isthmus of Darien ; — A Company for Navigating the Thames and Isis by Steam ; — A New Dock Company, for Coals only. Many of the companies which were thus set on foot, were able, or conceived that they were able, to prosecute their objects effectually without deriving any sanction or special powers from the legislature. Others of them, and particularly such as were to have their sphere of operation at home, found it prudent or necessary to apply for private acts of parliament ; so that, in the month of March, there were upwards of thirty bills before the House of Commons, for the purpose of giving legal existence to different companies of this kind. In all these speculations, only a small instalment, seldom exceeding 5 per cent., was paid at first ; so that a very moderate rise on the prices of the shares produced a large profit on the

currency, as connected with the regulation of the issues of the Bank of England, was an originating or accessary cause of that state of things. Divested of any reference to the state of the circulation, the peculiar circumstances which have been detailed, as presenting fresh fields of enterprise, so tempting to the restless spirit of adventure which then prevailed, will go far to account for the eagerness with which new schemes of every kind were entered into. The same feverish state of the public mind, with a still increasing activity, prevailed, subject only to occasional intervals of abatement, or rather pauses, through the whole of 1824. The excitement reached its height in the first four months of 1825.

It was then that speculations in goods came in aid of speculations in foreign loans, and in shares of joint stock companies. And although, for the reasons stated, the markets for agricultural produce had not participated in the spirit of speculation which prevailed in the markets for other produce and for shares, the prices of provisions were, from the combined effect of the season and the corn laws, at a high range compared with what they had been at three years before.

There was accordingly, in the spring of 1825, an almost universal activity pervading nearly all

sum actually invested. If, for instance, shares of 100*l.*, on which 5*l.* had been paid, rose to a premium of 40*l.*, this yielded on every share a profit equal to eight times the amount of the money which had been paid. This possibility of enormous profit by risking a small sum, was a bait too tempting to be resisted ; all the gambling propensities of human nature were constantly solicited into action ; and crowds of individuals of every description, — the credulous and the suspicious, — the crafty and the bold, — the raw and the experienced, — the intelligent and the ignorant, — princes, nobles, politicians, placemen, patriots, lawyers, physicians, divines, philosophers, poets, intermingled with women of all ranks and degrees — spinsters, wives, and widows — hastened to venture some portion of their property in schemes of which scarcely any thing was known except the name."

branches of industry, accompanied by all the outward and visible signs of prosperity which invariably mark periods of general excitement.* But

* The consummation of the effects of that excitement is described in the subjoined extract, from the Annual Register, which refers to the early part of 1825:—

“ Nearly all property had risen greatly in pecuniary value, and every branch of internal industry was thriving. Agricultural distress had disappeared; the persons employed in the cotton and woollen manufactures were in full employment; the various departments of the iron trade were flourishing; on all sides new buildings were in the progress of erection; and money was so abundant, that men of enterprise, though without capital, found no difficulty in commanding funds for any plausible undertaking. This substantial and solid prosperity was stimulated to an additional extent, and was, in appearance, still further magnified, by the operation of the many joint-stock companies which had sprung into sudden existence in the former year. Some of these had put in motion a considerable quantity of industry, and increased the demand for various articles; and all of them, at their commencement, and for some time afterwards, tended to throw a certain sum of money into more active circulation, and to multiply the transfers of property from one hand to another. As these speculations still retained their popularity, the apparent prosperity arising from their artificial stimulus presented an imposing aspect. New companies were formed; day after day teemed with successive projects; and the shares of joint-stock companies not only sustained the absurdly high prices which they reached in the latter end of 1824, but even rose far higher. The madness which prevailed at this time cannot be shown more fairly or more conclusively than by the following statement, which specifies the amount of the instalments paid on each share, in five of the principal mining companies, and the market prices of these shares on the 10th of December, 1824, and the 11th of January respectively.

			Dec. 10.		Jan. 11.
Anglo-Mexican,	100 <i>l.</i>	10 <i>l.</i>	paid. 33 <i>l.</i>	pr. 158 <i>l.</i>	115 <i>l.</i> 125 <i>l.</i>
Brazilian,	100 <i>l.</i>	10 <i>l.</i>	do. 10 <i>s.</i>	dis. 66 <i>l.</i>	70 <i>l.</i> 44 <i>l.</i> pr.
Colombian,	100 <i>l.</i>	10 <i>l.</i>	do. 19 <i>l.</i>	pr. 82 <i>l.</i>	62 <i>l.</i> 59 <i>l.</i>
Real del Monte,	400 <i>l.</i>	70 <i>l.</i>	do. 550 <i>l.</i>	— 1350 <i>l.</i>	
United Mexican,	40 <i>l.</i>	10 <i>l.</i>	do. 35 <i>l.</i>	— 155 <i>l.</i>	115 <i>l.</i> 125 <i>l.</i>

“ Some of these projects derived fresh popularity, and the general satisfaction with the measures of government was much increased, by an important step which was taken in fixing the foreign relations of the country.

“ Mr. Canning made a formal communication to the foreign

the grounds for the great rise of prices in the markets, both for shares and for goods, were unsound, proceeding as they did upon incorrect information and exaggerated views, which had been allowed full scope by an undue enlargement and abuse of credit. The appearances, therefore, of prosperity proved to be delusive; and we have now to see the disastrous results of the overtrading which so remarkably distinguished the close of 1824, and the first few months of 1825.

SECTION 5. — *Fall of the Prices of Goods after the Spring of 1825.*

The speculations both in purchases of goods on the spot, and in overtrading in imports and exports, which had their origin mostly at the close of 1824, and continued through the greater part of the spring of 1825, terminated, in the course of the summer and autumn of that year, as such speculations commonly do terminate. The usual effects of prices driven up beyond the occasion soon manifested themselves in diminished demand *, and

minister accredited to our court, in which he stated, 'That, in consequence of the repeated failures of the applications of his Majesty's government to the court of Spain, relative to the recognition of the independent states of South America, his Majesty has come to a determination to appoint chargés d'affaires to the states of Colombia, Mexico, and Buenos Ayres; and to enter into treaties of commerce with those respective states on the basis of the recognition of their independence.' This measure, beneficial and popular in itself, was the more acceptable, because it was justly deemed prophetic of the course which would be adopted with regard to Chili, Peru, and Guatimala, as soon as stable governments should be created in those countries."

* The demand, on such occasions, is diminished in a greater degree than the actual consumption. When the conviction is once established, that there is an approaching relief, by a fresh importation, from the existing deficiency of supply, the manu-

in advices of forthcoming supplies, large beyond the utmost previous computations. In the instance of several descriptions of produce, not only was the importation larger than on any former occasion, but supplies came in considerable quantities from new sources; or comparatively insignificant sources were greatly enlarged.*

Thus, to small stocks of goods had succeeded overwhelming importations, some of them from unusual sources; and a consequent accumulation beyond the utmost computed rate of consumption. At the same time there was a diminished export, most articles having risen beyond the price which the foreign consumer could or would afford to pay for them. But, as has been remarked, with refer-

facturers and the dealers, both wholesale and retail, limit their purchases to merely what is absolutely necessary. The manufacturers work up, and the dealers and shopkeepers run off, their previously accumulated stocks, before they buy afresh; and this they do only, as it is termed, from hand to mouth. There is, in such cases, a postponement of demand, as, under the opposite circumstances of apprehended scarcity and rising markets, an anticipation of demand. And the difference between a postponed and anticipated demand, ought to be taken into account in all statements of quantities on hand, as compared with the rate of consumption.

* Thus, in the instance of cotton, the quantity which previously to 1824 had been imported from Egypt into this country was perfectly insignificant, reached in 1825 to 20,000,000 lbs. And the effect on opinion of the sudden increase from this source, was greater than the mere quantity relatively to the total supply, inasmuch as it operated on the minds of buyers, as opening a great and indefinite source of supply at a reduced cost. The excess of supply in 1825, of this and other raw materials of our principal manufactures, will be seen by the following comparative statement:—

Years.	Cotton.	Wool.	Raw Silk.	Flax.	Tallow.	Linseed.
	lbs.	lbs.	lbs.	cwt.	cwt.	bushels.
1822	142,837,628	19,058,080	2,060,292	610,106	805,238	1,413,450
1823	191,402,503	19,366,725	2,453,166	553,937	830,271	1,662,456
1824	149,380,122	22,564,485	3,051,979	742,531	680,382	2,195,093
1825	228,005,291	43,816,966	2,855,792	1,055,233	1,164,037	2,888,247

ence to former instances of a recoil of markets, from speculation and overtrading, there was a pause, and a resistance, of greater or less duration, to the fall ; the greater or less resistance depending upon the nature of the articles, and the time in which the engagements for payment fell due.

The tendency downwards of most articles was manifest before the summer of 1825. The principal overtrading in goods, combining the extent of engagements with advance of prices, had occurred in the article of cotton, which is the most important of all others, as regards the magnitude of the capital embarked, and the interests involved in it. And in this article the reaction was first felt. Considerable failures, connected with the cotton trade, occurred in the United States, in the latter end of 1825. These were felt chiefly in Liverpool, where the commercial discredit preceded that of the metropolis. But the full effect of the depressing causes was not experienced till the spring of 1826 ; and it was not till then that failures and discredit of mercantile establishments became extensive and important.

The whole of the great fluctuations of the prices of goods were confined to the interval from the last few weeks of 1824 to June, 1826.

It may be requisite here to repeat, being a circumstance which will be found to be of importance in considering the question of the influence of the amount of the circulation on these fluctuations of prices, that the markets for almost every description of produce were dull and drooping till the summer, and, in several instances, till the autumn, of 1824 ; and that it was not till the close of that year that anything like a spirit of general speculation in produce of various kinds arose.

The following Table will exhibit some of the most prominent among the Instances of Fluctuation from the Summer of 1824 to the Summer of 1826.

	July to Nov. 1824.	Dec. 1824, to June, 1825.	Jan. to June, 1826.
Cotton.—Bowed Georgia - per lb.	7½d. to 9d.	16d. to 18½d.	6½d. to 7½d.
East India - - -	5d. to 6¾d.	10d. to 13d.	4d. to 5d.
Cochineal - - -	16s. to 19s.	21s. to 24s.	13s. 6d. to 15s. 6d.
Indigo.—East India (super.) - -	10s. 4d. to 12s. 10d.	12s. to 16s.	7s. to 11s.
Spices.—Cinnamon - - -	6s. 9d. to 7s.	11s. 6d. to 12s.	6s. to 6s. 9d.
Mace - - -	4s. 8d. to 5s. 10d.	13s. to 18s.	5s. 6d. to 6s. 6d.
Nutmegs - - -	2s. 8d. to 5s. 8d.	8s. to 12s.	3s. 6d. to 5s.
Pepper - - -	5½d. to 6d.	8d. to 8½d.	4½d. to 5½d.
Tobacco.—Virg. (ord. and mid.) - -	2d. to 7d.	3d. to 9d.	3d. to 8½d.
Silk.—China, raw - - -	16s. 6d. to 23s.	18s. to 29s. 10d.	13s. 3d. to 16s.
Sugar.—B. P. (gaz. aver.) per cwt.	29s. 11¾d.	41s. 5d.	28s. 9¼d.
White Havannah - - -	35s. to 40s.	49s. to 55s.	38s. to 42s.
Coffee.—St. Domingo - - -	58s. to 60s.	76s. to 79s.	47s. to 49s.
Saltpetre - - -	19s. to 20s.	34s. to 36s.	22s. to 24s.
Tallow - - -	31s. to 32s.	42s. to 43s.	31s. to 32s.
Iron.—British, in pigs - per ton.	6l. to 7l.	11l. to 12l.	8l. to 9l.
Lead - - -	23l.	30l.	22l.
Spelter - - -	20l. 10s.	41l. 15s.	26l.

SECTION 6.—*Recoil of Markets for Loans and Shares after the Spring of 1825.*

The recoil from speculations in loans and shares so entered into, and from premiums so extravagantly run up, as they had been in the spring of 1825, was inevitable. The process by which the fall took place is simple and obvious:—As regarded the schemes, a more accurate appreciation of a greater outlay, and of smaller returns, than had been before anticipated; and a limitation of the demand for investment in them, to such persons only as could afford to depend upon remote contingencies for an income, where any income was to be expected: above all, a general deficiency of means among the subscribers to pay up the succeeding instalments, as they had relied for the most part upon a continued rise, to enable them to realise a profit before another instalment should be called for, or upon the same facility as had before existed, of raising money for the purpose at a low rate of interest;—and, as applied to foreign loans, the absence of security for some of them, and the rise of the rate of interest in this country, which had the same depressing effect upon all of them. It is to be considered that the greater part of the transfers of the original shares in the foreign loans, and in the new schemes, while the payments on them were light, and while confidence was still entire, were carried on by a medium engendered in a great degree by those very transactions; and that the profits realised or anticipated by the successive shareholders, afforded a fund of additional credit, as well as of nominal capital, with which they might and did appear as purchasers of other objects of exchange. But as new loans and schemes were successively brought forward on grounds more or less specious, all tending to the additional absorption of capital,

while the increasing calls, with the high premium payable on the former loans and schemes, were beginning to press upon the shareholders, the weakest, in the first instance, would endeavour to realise without any longer finding ready buyers. A pause naturally ensued : and, under such circumstances, a pause is generally fatal to projects that do not proceed on solid grounds.

As regarded the majority of the loans and schemes here alluded to, it was soon discovered, that while the calls for payments were immediate and pressing, the prospect of returns was become more remote and uncertain ; doubts too began soon to arise as to there being sufficient security for *any* income. Accordingly, after the greatest elevation in January and February, 1825, there was a pause in the first instance, then a slight decline, and, after a few weeks, namely, in the May and June following, a rapid decline.

The South American loans entailed a loss of nearly the whole of the sums subscribed, there having been no dividends beyond a small part retained and paid back under the name of dividends. And the Mexican and South American mining subscriptions, with only one or two exceptions, proved to be a total loss of the capital paid. Of the other schemes, some few, which were undertaken on fair and solid grounds, survived ; but a large proportion were abandoned, at a sacrifice of the greater part, if not the whole, of the deposits and first payments. The losses thus sustained were severely felt in the fortunes of individuals unconnected with trade ; but they likewise entered largely into the causes of the banking and commercial failures which followed.

SECTION 7. — *Commercial Discredit and Pressure on the Money Market following the Spring of 1825.*

From the combined effects of the great fall which thus took place in the markets for goods, and in the value of shares in the various loans and schemes, there was a rapid transition, from unbounded credit and confidence to general discredit and distrust.

In a pamphlet of mine on the currency, in January, 1826, a description was given, while the impression was fresh, of some of the phenomena of the state of credit at that time. Referring to the contraction of the circulation, in consequence of the failures of country banks, the following remarks occurred :—

“ The issues of many of these banks had been greatly extended, without any adequate reserve of available funds to meet such sudden demands as it is of the very essence of the principles of banking to contemplate and provide for. It appears, by the disclosures arising out of the late disastrous and unprecedentedly numerous failures, that several of the banks had been, for some time before, insolvent, and had been kept afloat merely by the confidence of their customers, and the facilities of the money market, which had accompanied the increase of the Bank of England issues during the high prices. The first breath of suspicion, and the smallest reduction of their accustomed accommodation, were sufficient to sweep away this description of circulation of paper. It has been discovered, moreover, that several of the country banks, which were solvent, as far as related to the power of eventually liquidating their engagements *, had not been con-

* The number of those that were eventually found to be solvent, proved to be in a larger proportion than was supposed when the above was written.

ducted on correct banking principles, having a very inadequate reserve in an available and immediately convertible form.

“ Some, too, of the London banks had carried on an extensive business with very insufficient available resources, and were, therefore, liable to be run upon on the occurrence of any general discredit. One of the most considerable of these (the house of Pole and Co.), after struggling through difficulties for upwards of a week, stopped payment early in December (1825). The notoriety of these difficulties in the first instance, and the eventual failure, diminished the resources of the country connexions of this firm ; and such of them as had not independent, ample, and immediately convertible funds, were under the necessity of suspending their payments ; thus adding to the alarm which was already prevalent. The consternation now became general, not only among the holders of local notes, but among depositors, as well in the metropolis as in the country. There was, in consequence, a severe run upon several of the London bankers, of whom three or four, besides the one before alluded to, suspended their payments. The panic was then at its height ; nearly seventy banks, in town and country, suspended their payments in the course of the single month of December last (1825). Bank of England notes and gold were almost the only medium which would then be accepted in payment throughout the country ; but

Sir M. W. Ridley said in the House of Commons, 3d June, 1828, that “ in 1825 and 1826 there were 770 country bankers, and of these sixty-three had stopped payment. Out of the sixty-three, twenty-three had subsequently resumed their payments, and paid 20s. in the pound ; and of the remainder, thirty-one were making arrangements for the payment of their debts, and there was a great hope that every farthing would be paid. The country bankers who had failed in 1826, had paid, on an average, 17s. 6d. in the pound.”

Bank of England notes, where even they were taken as readily as gold, could not supply the chasm created by the discredit of the local paper, since the Bank had ceased to issue one pound notes; gold, therefore, was required specifically for this as well as for the more general purposes of meeting the demand from want of confidence in the paper.

The drain upon the Bank coffers for gold, for internal purposes, was, from these causes, so great, that, following a previous drain for exportation, doubts were entertained whether cash payments could be continued. Happily, the public escaped the calamity of a second suspension. The contraction which had taken place in the circulating medium, by the destruction of nearly all the country paper, and the cessation of almost all transactions on credit, and the detention of sums for the purpose of increased reserves by bankers and others, was greater, perhaps, than had ever before occurred, notwithstanding that an enlarged issue of Bank of England notes had been made through the medium of extended discounts of mercantile bills; and this contraction was at length effectual in occasioning an influx of gold sufficient to place the Bank out of immediate danger. In the mean time, it had issued a few one pound notes, to supply the urgent wants of the country circulation.*

“ Under the circumstances which have here been very hastily and imperfectly sketched, a melancholy

* A box containing about 600,000*l.* or 700,000*l.* of one pound notes, which had been put aside unused, had been discovered, by an accident, it is said, in the possession of the Bank; and these were immediately issued, in the week ending the 24th December, 1825. The relief afforded by this issue was very seasonable; but it may be doubted whether it was so essential as has been supposed, in preserving the Bank from suspension, because the severest part of the run for gold seems to have been over in the week preceding the issue. At the same time, if it was essential, it makes the position of the Bank only the more humiliating, inasmuch as its preservation was owing to an accident, which partakes of the nature of the marvellous or miraculous.

exemplification has been afforded of the mode in which extremes produce their opposites ; in which unbounded confidence, and all the delusion of unfounded anticipation, have been succeeded by distrust and dismay.

“ To the great facility which only a few months before had been experienced by speculators, projectors, and adventurers of every kind, in raising whatever sums they might require at the shortest notice, and at a low rate of interest, on securities of goods, on mortgages, or on bills of whatever length of date, or on mere personal credit, the most signal contrast was exhibited, of an utter inability to raise money upon any but the best and most convertible securities. Goods became unsaleable, beyond the immediate and urgent wants of the consumers, so that the stocks which are usually held in anticipation of demand, were wholly unavailable to meet the pecuniary engagements of the holders. Thus, many merchants having accepted bills for only half the invoice amount of wool, cotton, and silk, coming to their consignment, were unable to realise even that half by sales, or by advances on the security of the bill of lading ; and not only no further advances could be obtained by way of loan on the security of goods, but the advances already made were peremptorily called in. Advances on mortgage, owing to the usury law *,

* The operation of the usury law may be distinctly traced in a great aggravation of the distress among merchants and bankers during that critical period. Had it not been for that preposterous law, many individuals would, in all probability, have been enabled to obtain immediate relief, by getting bills, which were not within the bank time, discounted at 7 or 8 per cent. ; but those who would have lent on that kind of security, if not limited to 5 per cent., naturally directed their disposable capital to such modes of investment as admitted of their realising a larger interest without coming under the operation of that law. Thus numbers, who would gladly have given an advanced rate of 8 or 10 per cent., were driven, by an enactment which was absurdly intended as a protection to them,

were wholly out of the question. From the same cause, viz., the value of the use of monied capital having risen beyond the rate of 5 per cent., which has been imposed by law as the maximum, no bills, however good in point of security, were convertible, which had longer to run than ninety-five days, and which did not come within the forms prescribed by the Bank, as the rule of its discounts. The different shopkeepers, retail tradesmen, and small farmers, having taken in payment, in the course of their dealings, the notes of the country banks which subsequently failed, were prevented from making their payments within the stipulated periods to the manufacturers and wholesale dealers; and these, consequently, were unable to fulfil their engagements, or discharge their acceptances to the importing merchants.

“ It would be an endless task to attempt to follow all the steps by which disappointment and loss and insolvency, have, at the close of 1825, followed the brilliant hopes, the reputed gains, and the unlimited credit, which characterised the early part of the year. Suffice it to say, that these contrasts, inadequately as they are here exhibited, serve to illustrate the process by which the factitious increase of a medium of paper and credit, raising the prices of commodities and of the public funds above the level which the metallic basis of the currency can support, must be succeeded, not only by a destruction of all that artificial medium, but by a temporary contraction of the circulation below the level from which that enlargement took place.”

And a few weeks later, that is, at the end of

to sell stock or goods at a loss of 20 or 30 per cent. for cash, compared with the price for time. For it is a matter of notoriety that extensive sales were actually made of stock, at that difference; and it is within my own knowledge that sales of goods for immediate money were made at a still greater sacrifice.

February, in a postscript to a subsequent edition, the following remarks were added : —

“ After the great panic which prevailed in the money market in December last (1825), and which was characterised by a run upon nearly all the bankers, both in town and country, there was a pause and an abatement of the alarm. It was then a matter of remark and surprise that, in the midst of so much distress, by the failure of bankers, and by the disturbance of the country circulation, and while so many small traders were unable to fulfil their engagements, there were, down to the middle, or nearly the end of January, comparatively few failures of mercantile establishments of any extent or importance in the metropolis. The answer, however, which then presented itself to that remark was, that while bankers were liable, upon the slightest breath of suspicion, to be run upon, and their solvency immediately put to the test, mercantile houses might go on for some length of time, under more or less of discredit and difficulty. The essential difference is, that the engagements of bankers are to pay on demand, while those of merchants are payable only after a certain date. A merchant may therefore have very large engagements which, in consequence of a fall of markets, or loss from other causes, it may become evident to himself, and suspected by others, that he will not be able to discharge when due : but till they are due, he may take the chance of accidents in his favour, and not declare his inability. Under such circumstances, too, his earliest acceptances may be renewed by creditors who may think favourably of his chance of overcoming his difficulties.

“ Among the accessory causes of the overtrading, was the facility with which merchants obtained discounts of long paper, at six, nine, and twelve months, not only from town bankers, but from the

country banks, and particularly from the Scotch banks; such bills being readily renewed, while the money market continued to be abundant, and while the solvency of the parties was unquestioned. These long-dated bills contributed to the difficulties of the banks, from not being readily available when the banking panic occurred, while they account for the delay in the appearance of mercantile derangement. There is another large class of bills which have been, and are about, falling due during January, the present, and the next month, having been drawn from abroad, against the unusually large shipments of produce which have been made to this country.

“ A large proportion of this mass of both inland and foreign bills was discounted by the Bank of England in December, and the early part of January last; and the extent to which this accommodation was afforded gave relief in a double point of view, both by enabling the holders of those bills to make their immediate payments, and by serving as the medium for an extended issue of bank notes, which went some way towards supplying the chasm occasioned by the failure of private credit.

“ But when the bills become due, and there is no longer a facility of renewing them, the acceptors are unable to meet their payments, either because they have not received the remittances which they expected from abroad, and although possessed of property, cannot immediately convert it by sale or pledge, or because, although solvent when they gave their acceptance, they have ceased to be so by the further fall of prices, or by the failure of their debtors. The failures of mercantile firms have accordingly, for some weeks past, occurred to a great and alarming extent. Many, if not most, of these houses have been large shippers of goods, for which they had given their acceptances to the manufacturers. The losses thus sustained

by the manufacturers are aggravated by the great fall in the price, and the stagnation of demand for their goods, resulting from the over-importation of the raw material, and from the previous excessive speculative exports of the manufactured articles with which the foreign markets have been glutted. The speculative demand, too, in last spring, occasioned our own shopkeepers, both in town and country, to stock themselves more largely than usual. Many of these have contributed of late to swell the lists of bankrupts; and such of them as have not failed are, both from necessity, and from the opinion of future cheapness, going in the opposite extreme of running their stocks to the lowest amount consistent with the preservation of their business.

“ The reduced demand experienced by the manufacturers from these combined causes, disables them from employing the same quantity of labour, and either the wages are reduced, or smaller numbers of workmen are employed. And this reduction of employment and wages of the labouring classes (the price of food continuing relatively high) forms a great aggravation of the sufferings which the labouring classes have sustained from losses by the failures of the country banks, and by the discredit of the local notes, of which they have, in too many instances, been holders.

“ This last feature of the present distress is distinct from and over and above that which existed in 1793. Until within the last two or three weeks, it seemed to be a matter of doubt whether the extent of commercial distress and discredit in the crisis through which we are passing was equal to what prevailed in that period. But I am now inclined to think that the present derangement will be found to exceed that of 1793, both in extent and intensity, independently of the aggravation which is now experienced from the losses sustained by the discredit of the small country notes.

“ For the alleviation of this wide-spreading distress, the most obvious expedient, certainly, is to extend the issues by the Bank of England as far as can be done without incurring the danger of a renewed drain upon their coffers, and a consequent risk of suspension: an event which, both in its immediate and remote consequences, would be pregnant with evils infinitely outweighing the consideration of the mere temporary relief to be derived from an extra issue of notes.”

The derangement of the circulation arising out of the failures of bankers was, according to the foregoing view, at its height in December, 1825*; whereas the mercantile embarrassments were more heavily felt in the two following months.

Applications were made to government by deputations on behalf of the mercantile interests, which were then in a state of great distress, for relief, by an issue of exchequer bills in the way of loans, to be advanced on securities under a commission, on

* A meeting of merchants and traders of the city of London was held at the Mansion House, on the 14th December, when the following resolutions were moved and adopted:—

“ 1. That the unprecedented embarrassments and difficulties under which the circulation of the country at present labours are mainly to be attributed to a general panic, for which there are no reasonable grounds; that this meeting has the fullest confidence in the means and substance of the banking establishments of the capital and the country, and they believe that the acting generally upon that confidence would relieve all those symptoms of distress which now show themselves in a shape so alarming to the timid, and so fatal to those who are forced to sacrifice their property to meet sudden demands upon them, which it is no imputation upon their judgment and prudence not to have expected.

“ 2. That it having been stated to this meeting that the directors of the Bank of England are occupied with a remedy for a state of things so extraordinary, this meeting will refrain from any interference with the measures of the directors of the Bank, who, they are satisfied, will do their duty towards the public.

“ 3. That, having the firmest confidence in the stability of the public credit of the country, we declare our determination to support it to the utmost of our power.”

the same footing as in 1793 and 1811. To these applications the ministers gave a decided negative. Failing of relief in that quarter, a petition, extensively and respectably signed by merchants and traders, was presented to the House of Commons on the 23d of February, 1826, praying that the state of commercial disorder and discredit should be taken into consideration, and suggesting, as the most effectual remedy, an issue of exchequer bills under a commission. The remedy prayed for was strongly supported in the House of Commons by Mr. Baring, and other members of considerable weight. Some of these were habitually adherents of the government; and among them were Mr. Pearse and Mr. Manning, directors of the Bank. Notwithstanding this formidable array in favour of the measure, and notwithstanding the insinuations, disingenuously thrown out, that the objections to it argued the want of a due sense of the degree of the prevailing distress, the ministers, to their infinite credit, because they could have no motive but that of public principle, every motive of interest lying the opposite way, persisted and prevailed in their resistance. But, by way of proving their wish to contribute, by any mode short of direct interference on the part of the government, to the relief of the existing distress, ministers urged upon the Bank, and at length succeeded in inducing the directors to consent, very reluctantly, however, to make advances on the security of goods, in certain places specified, to an extent not exceeding three millions.

The measure was much lauded, as tending to restore confidence; but the confidence that was most required by the holders of goods, namely, the confidence on the part of buyers, that prices were no longer upheld by undue credit, had been restored, and markets and the state of credit were improving, and the distress abating, before the

plan was adopted. And there cannot be a better proof how little such a measure was wanted, than the fact that, with all the apparatus of local boards appointed for the purpose, the whole amount of the advances so made by the Bank in 1826 was short of 400,000%.* If the assistance had been sooner held out, it would doubtless have gone to a greater extent; but in proportion as it would have had the effect of keeping doubtful paper longer afloat, and of bolstering the markets, it would have retarded the return of real confidence.

After the clearance which had been effected in the latter part of 1825, and in the early months of 1826, of the unsound part of the banking and commercial credits, which had been engendered by an undue degree of confidence, and of the spirit of enterprise, in the immediately preceding period, trade and manufactures resumed their wonted course, and hardly any trace remained, at the close of 1826, of their having been disturbed in their progress. In 1827 the range of prices was low, and, in many instances, declining, in consequence of continued abundance of supplies, and progressive reduction of the cost of production of several articles; but the markets for goods were no longer under the influence of discredit or distress, and the money market was remarkably

* An account of the places at which boards were established for advances on goods by the Bank of England, and the amounts of such advances, in the year 1826.

Manchester	-	-	-	115,490
Glasgow	-	-	-	81,700
Sheffield	-	-	-	59,500
Liverpool	-	-	-	41,450
Huddersfield	-	-	-	30,300
Birmingham	-	-	-	19,600
Dundee	-	-	-	16,500
Norwich	-	-	-	2,400

Bank of England, 9th June, 1832.

Appendix to Report on Bank Charter, p. 43.

easy, the Bank having reduced its rate of discount again to 4 per cent.

In the United States of America, a process was gone through nearly corresponding with that which occurred in this country, of great facility of credit, and of extensive speculations, more especially in cotton, attended with a great rise of prices in the early part of 1825*, and followed by a great fall of prices, and a severe pressure in the money market†, in the summer and autumn of that year.

* The prices of cotton had advanced considerably in America in the spring of 1825, in consequence of the rising markets in this country; but, in July, the intelligence was received there of a decline of 3*d.* a pound in Liverpool, and the further fall naturally followed the decline on this side.

† The following is an extract from a New York newspaper, dated in July, 1825:—

“*The scarcity of money* is probably greater in Wall Street at this moment than it has been for many years; the full explanation whereof, it would, perhaps, be difficult to ascertain. Some of the causes may, however, be assigned. Among the most prominent, we should be disposed to place that of the many new companies incorporated by the last legislature. It was assumed as a fact, both by the petitions for these companies, and by the legislature itself, that a great mass of unemployed capital was lying idle in New York, to which these companies would afford the means of profitable investment and employment. This assumption was, in our judgment, unfounded. We do not believe there was any excess or superabundance of capital; and all calculations, therefore, made on the existence of such were erroneous. New companies, however, were chartered, and great demand was created for these stocks: a spirit of speculation was engendered, and men, of all descriptions and degrees, were seen striving to get shares in this or that bubble; not with any view to (for most of them had not the means of) a permanent investment, but, calculating that, by good management on the part of the directors, and from the craving of the superabundant capital for employment, these shares must rise. Hence, persons without any means, or any judgment or knowledge in such matters, became subscribers; borrowing, on the pledge of their shares, the money to pay for them, until, by a repetition of this process, one and the same sum was often made to represent as many times its value as there were new companies. All of a sudden, however, in the natural course of trade, that capital which was deemed superabundant, but which was, in fact, only awaiting its usual and accustomed modes of

SECTION 8. — *State of the Circulation from 1823 to 1827.*

In considering the influence of alterations in the amount of the circulating medium on the fluctuations of prices, and on the speculations in shares

employment, is called for—the purchaser of cotton has to pay for it—the importer of goods has to remit, the projector of distant voyages has to prepare his funds. Moreover, receipts from foreign shipments have fallen short of expectation. The adventures round Cape Horn and to the Brazils, in flour, &c., have brought back few or no returns; the markets are glutted—the shipments to the Spanish Main, of dry goods, have been overdone. The pause in cotton abroad has interrupted sales. Hence, from all these combined causes, the merchant is thrown upon his resources at home, and the money that had been lent on pledges of stock is recalled to its natural and proper vocation. But how is it to be repaid? The borrowers of it must sell the stock given to secure the loans. But the very demand for money, for the purposes above enumerated, dampens the spirit and means of speculating in the stocks, and sales cannot be made, therefore, without great sacrifices. What is the consequence? The holders for the rise make every possible effort to avoid the necessity of selling; they borrow anywhere and everywhere, and at every rate of interest. They besiege the banks, the insurance companies, and individuals; for they must, at some sacrifice or other, repay what they have borrowed, or their career is up; and it is precisely, as we are informed, among this class of speculators that the distress for money is most severely felt.

“Another cause, perhaps, of the scarcity of money, and of the extreme unwillingness of the banks to discount, is the disproportion between the specie in bank, and the paper in circulation. It is very—we should say, if censure could be made to bear where it ought—inexcusably great. How this has happened, it would, at this moment, carry us too far to inquire, though we may attempt it hereafter. The fact, however, is indisputable.”

In a letter from an eminent merchant in New York, dated 23d November, 1825, the writer observes—

“No bill of exchange can be sold here but on credit of two, three, and four months; and, such is the precarious state of commerce, that such payments are hazardous in the extreme, and paper discounted at from $1\frac{1}{2}$ to 3 per cent. per month. Failures are consequently daily occurring, and numerous; some to a considerable amount.”

and loans in this interval, it is of importance to distinguish between those alterations in the quantity of money which were merely dependent upon and coincident with, the influx and efflux of bullion, from those which were the result of a regulation of the Bank issues at variance with the movement of the metals.

When an accumulation of bullion in the coffers of the Bank has taken place to an amount exceeding that which should, upon the largest allowance, constitute a full proportion to its liabilities, the further influx ought clearly to form a basis for a further issue of notes (whether to the full extent of such excess of bullion, or somewhat short of it, according as securities might, or might not, be obtainable without a violent operation on the money market), will be admitted on all hands. An addition to that extent of the circulation would take place under similar circumstances if the currency were wholly metallic. Now, it appears, that the position of the Bank was, on the 28th February, 1823 —

Circulation.		Securities.	
Notes of 5 <i>l.</i> and upwards	£17,710,740	Public	£13,658,829
under 5 <i>l.</i> - - -	681,500	Private	4,660,901
	<hr/>		<hr/>
	18,392,240		18,319,730
Deposits - - -	7,181,100	Bullion	10,384,230
	<hr/>		<hr/>
Liabilities - - -	25,573,340	Asscts	28,703,960

And the following is a passage in a Boston paper of the 4th November, 1825: —

“ We have seen several private letters from New York, which mention that several failures, growing out of the late cotton speculations, were daily occurring in that city; the Bank had positively stopped discounting, and confidence was impaired, and a general gloom prevailed in the mercantile community. One letter from a commercial gentleman says—‘ The merchants along Trint and Pearl Streets are cracking like parched corn.’ It is stated that the debts of five of the mercantile houses which have recently failed in New York were estimated at 2,500,000 dollars, and that the available funds would not exceed 75,000 dollars.”

Here, whether we look at the positive magnitude of the amount of bullion, or its proportion either to the circulation or to the liabilities, being considerably more than one half of the former, or one third of the latter, it cannot be doubted but that, as the exchanges were still insuring a further influx, the Bank would, under the dictates of the soundest policy, seek to invest in securities so much at least of the excess of monied capital forced upon it as could find employment without creating any considerable disturbance of the money market. That the Bank did seek so to employ it is well known, inasmuch as it not only lowered its public rate of discount to 4 per cent., but announced a departure so far from its former practice as to offer to advance sums by way of mortgage; thus proving the difficulty of finding an adequate amount of securities within its ordinary rules. Notwithstanding these efforts, such was the force of the tide of the metals into this country, and so great the tendency to a fall of the rate of interest, that the Bank could not find a sufficient amount of securities to allow of an extension of its issue at all commensurate with the accumulation of treasure throughout the whole of 1823; the bullion in the coffers of the Bank having reached, in January, 1824, the enormous and unprecedented amount of 14,200,000*l.*; and having been still, in April, 1824, so high as 13,800,000*l.*; while the circulation in April, 1824, was 19,300,000*l.*, or only one million higher than it had been in February, 1823.*

* In a note, inserted in the Appendix to the Report on the Bank Charter, explanatory on the part of the Bank to its proprietors of the unfavourable position in which it stood by the low amount of its securities, and the high state of its treasure, in the early part of 1824, that position is thus accounted for:—

“The loss and difficulty which the Bank sustained during that period was owing, in a great degree, to the government having authorised the continuance of the circulation of the country small notes until 1833, without any previous communication

Surely, then, till April, 1824, the circulation of paper, according to any received doctrine of cur-

with the Bank, after the provision of bullion was made for their withdrawal.

“The consequence of that measure, on the part of government, was, to leave the Bank with upwards of 14 millions of bullion in January, 1824, and their securities diminished to between 17 and 18 millions.”

Now, this statement, which was also made verbally by the governor and the directors in their evidence before the Bank Charter Committee, does not, in my opinion, give a correct view of the case.

In February, 1822, the Bank was in possession of an amount of treasure, namely, 11,000,000*l.*, which, in the then state of trade and the exchanges, was deemed sufficient preparation for the contemplated cessation of the country small note circulation; and it was very soon after that date, namely, in April following, that the government announced the very weak and injudicious measure of extending that very objectionable description of paper circulation till 1833. That measure, it seems, was adopted without previous notice to the Bank; and this circumstance is dwelt upon as of importance. But the only inconvenience that the want of previous notice could have entailed upon the Bank, was its having so large an amount of treasure, and so small an amount of securities, as it had in the spring of 1822. Being then, however, although without previous notice, apprised of the measure which rendered any further preparation for that purpose unnecessary, it is not easy to see how or why the Bank should not have added to its securities, and reduced, or, at any rate, kept down, the amount of its treasure. Indeed, between February and August, 1822, there was a diminution of about one million of its bullion, and an addition of near a million and a half to its securities. But this rather adds to the difficulty attending the explanation; because the amount of bullion, having been reduced to 10,000,000*l.* in August, 1822, and so continued till February, 1823, why was it allowed to accumulate to 14,200,000*l.* in the twelvemonth following? and how can this further accumulation be by possibility ascribed to the abandonment of the intended suppression of the country small notes? And, what is still more remarkable is, that the public securities in the hands of the Bank in August, 1823, were actually less, by nearly 2,000,000*l.*, than they had been in the February preceding; and, indeed, lower than they had been at all for many years before. There is, therefore, a palpable inconsistency in the explanation. The more probable explanation is, that the Bank, in consequence of the great re-

rency, must be considered to have been in a contracted, and, most assuredly, not in an artificially enlarged state. And yet, before April, 1824, the price of wheat had reached 65s. 10d.; being an advance of upwards of 50 per cent. upon the prices of 1822, and within the merest trifle of the highest rate which it attained for some years afterwards. And it was during this contracted state of the circulation that a considerable proportion of the speculations in foreign loans, and mines, and in insurance and other joint-stock projects, had their origin. This fact cannot be too strongly recommended to the attention of such persons as, not being committed to a theory (for of those there is no hope), may have been predisposed, by the confident assertions of the partisans of the currency

duction of the market rate of interest, found a difficulty, if not an impossibility, of investment in adequate securities without such a violent operation on the money market as, involving, as it would do, a departure from its routine, the directors shrunk from.

It would be a curious, but, perhaps, not a very profitable, speculation to consider what would have been the state of things if, with a view to keep down the amount of bullion in 1823, the Bank had attempted forcibly to extend its securities by 3 or 4 millions. The rate of interest would probably, in such case, have fallen so much while the competition for securities was in progress, that the deposits (increased as these had been) would have been further raised, and, with the increased reserves in the hands of private bankers, might have neutralised all effect of the securities on the circulation. If, however, the addition to the securities had entailed an equal addition to the amount of Bank of England notes, I doubt, for reasons which would lead to too much length to explain, whether, in 1823, and the early part of 1824, the prices of provisions and of commodities would have been higher than they were; but the speculations in loans and shares would have begun earlier than they did, and there would have been an earlier transmission of capital abroad, so as sooner to have brought on the reaction. But the currency theory would have had an apparently triumphant case, in referring to so large an addition to the circulation on securities, as an irrefragable proof of its having been the exclusive cause of the rise of prices.

doctrine, to refer every tendency to speculation, and every considerable rise of prices to an enlargement of the circulation of paper beyond the due proportion to its metallic basis.

At the commencement of October, 1824, the stock of bullion was 11,600,000*l*.* But, although the bullion had thus been reduced by between 2 and 3 millions since January, it was still in the proportion of more than one third to the liabilities. Thus far, then, there is no charge of an undue enlargement of Bank notes, the amount of which did not, at the commencement of October, 1824, exceed about 19 millions; and yet it was at this period of a currency, which, looking only at the position of the Bank, was in a perfectly sound state, that the spirit of speculation, which had several months before been running riot in the share market, had extended to the markets for goods. The exchanges had indeed given way, but it was only in such a degree as had allowed of reducing the treasure, which had been of inconvenient magnitude.

But with the early part of October, 1824, the justification of the conduct of the Bank ends. The drain upon its coffers became about that time more marked, and the signs of the times had become such as should have induced caution on the part of the Bank, and should have inculcated the propriety of a limitation, if not of an immediate contraction, of its issues. Yet, notwithstanding a further fall of the exchanges, and so decided a drain on the coffers of the Bank, that the bullion, in February, 1825, had been reduced by nearly three millions, since the commencement of October preceding, and by five millions as compared with February, 1824, the circulation was enlarged by about a million, and the securities were increased by no

* Evidence of W. Ward, Esq. — *Report on Bank Charter*, p. 128.

less an amount than six millions*; and the circulation would, of necessity, have been still more enlarged by that great increase of the securities, had it not been for a great increase of the revenue, which reduced the amount of the deficiency bills.

This increase of the circulation, at the precise time when the urgent necessity of a reduction of the issues, or, at any rate, of a limitation of them, was so strongly indicated, could not fail of promoting, although it had not excited, the tendency which then existed to extravagance of speculation. It is very possible that, by the utmost practicable contraction, the Bank might not have been able effectually to repress the spirit of speculation, the motives to which were then so powerful; but the misfortune was, that not only did the Bank not do what was practicable to check, but it did the very reverse, it actually added to the existing facilities. The Bank had not kindled the fire, but, instead of attempting to stop the progress of the flames, it

* 28th Feb. 1824.

Circulation.			Securities.	
Bank Notes 5 <i>l.</i> and upwards	£19,250,860		Public	£14,341,127
under 5 <i>l.</i> -	486,130		Private	4,530,873
	<hr/>			<hr/>
	19,736,990			18,872,000
Deposits - - -	10,097,850	Bullion		13,810,060
	<hr/>			<hr/>
Liabilities -	29,834,840	Assets		32,682,060

28th Feb. 1825.

Circulation.			Securities.	
Bank Notes 5 <i>l.</i> and upwards	£20,337,030		Public	£19,447,588
under 5 <i>l.</i> -	416,730		Private	5,503,742
	<hr/>			<hr/>
	20,753,760			24,951,330
Deposits - - -	10,168,780	Bullion		8,779,100
	<hr/>			<hr/>
	30,922,540			33,730,430
	<hr/>			<hr/>

The circulation was further increased in the spring of 1825 to 21 millions.

supplied fuel for maintaining and extending the conflagration.

The explanations which have been given, on the part of the Bank, of its conduct on that occasion, although they account for the deviation from correct principle, do not amount to a justification. One ground stated* is, that the promise of assistance by the Bank to government, for the financial measure of reducing the 4 per cents to $3\frac{1}{2}$, was given in January, 1824, whereas it was not till October of that year that the advance for paying off the dissentients was called for. Another ground is, that the bargain for the purchase by the Bank of the naval and military pensions, technically known as the dead weight†, had been made early in 1823, so that it was only in pursuance of that contract, that the payments upon it in 1824 and 1825 contributed unduly to swell the circulation.

The Bank, doubtless, was bound to carry through, although under altered circumstances, its pledge of paying off the dissentient 4 per cents. But that forms no excuse for not having made a reduction through other channels. And as to the dead weight, why, if the progressive payments upon it endangered an excess of the circulation, as was evidently the case with the payment in January, 1825, was a portion of it not sold as it might have been? Indeed, in the reluctance of the Bank to part with any of the dead weight, there was a manifest inconsistency. The directors had, in the first instance, objected to make the purchase‡; and it is well known

* See evidence of William Ward, Esq.—*Appendix to Report on Bank Charter*, 1832, p. 127.

† The dead weight consisted of the naval and military pensions converted into an annuity of 585,740*l.* per annum, for forty-four years, which the Bank purchased in March, 1823, for the sum of 13,089,424*l.*, payable by instalments, up to April, 1828.

‡ Mr. W. Ward, in his evidence before the committee on the Bank charter, page 129, said, "I think the dead weight existed"

that, upon their declining it, an offer of treating for it, in whole or in part, was made to some of the other great public companies, who, likewise, declined it. Subsequently, when the treaty was renewed with the Bank, the directors would have preferred taking one half only of the amount ; and yet, having taken the whole, they could not be induced, by the consideration of its being on the occasion here noticed a certain means, and the least objectionable, of reducing the circulation at a time when it had become evidently redundant, to part with any of it. And there could be no pretence of any difficulty of disposing of it at that time ; the prices of the public securities were still high, and annuities, such as the dead weight, were perfectly marketable. Mr. W. Ward, on being asked by the committee on the Bank charter, "Do you consider that annuity a marketable security?" answered, "I never knew the long annuity unsaleable, while perpetuities were saleable ; and the Bank, or dead weight annuity, is within a few years of the same term. The long annuities are not quite so marketable as the consols, and reduced ; but still the annuities are perfectly marketable, and indeed they are preferred ; for, when the new plan came into operation, it rather lowered the long annuities than raised them, which showed that the public had given rather more than their just value for them."

A reduction of the circulation at the close of 1824, to the extent of one or two millions, would inevitably have tended to prevent some part of the extravagance of speculation which prevailed during some months following, and would in so far likewise

one year before the Bank took it. The Bank was reluctant to take it ; they declined it in the first instance, and took it the succeeding year."—See also the evidence of J. Baker Richards, Esq., to the same effect, page 396.

have obviated a great part of the pressure on the exchanges. The transmission of capital abroad, in payment of the foreign loans and the mining projects, would not have been on so large a scale ; nor would the engagements for importations, to be forthcoming in 1825, have been of such magnitude as they proved to be ; nor would there, consequently, have been the same pressure on the exchanges, and a good deal of the subsequent mischief might have been averted. The difference on such occasions, of the effects of an increase, however apparently moderate, when the indications, more especially that of a drain of bullion for export, point clearly to a reduction, is very much greater than might be inferred from the mere sums.

Of the great error committed by the Bank, in having extended its circulation in the interval, from the summer and autumn of 1824, to the end of April, 1825, instead of contracting it, there can, it is presumed, be no reasonable doubt. But in the position of difficulty in which the Bank became involved, by the consequences of that great error, there was presented to it a choice only of evils. And it may fairly be questioned whether, in being passive, or nearly so, as it was, or, in other words, in preserving the securities nearly uniform, as was the case in the interval from April till the autumn of 1825, and allowing the public to operate on the bullion and deposits, the Bank did not adopt the lesser evil.

If, upon the discovery of its error, and finding that the drain was proceeding so rapidly, as to endanger its establishment, the Bank had, in May, 1825, taken immediate measures for retracing its steps by a forcible contraction of the circulation, and a consequent violent pressure on the money market, the fall of prices of shares, and foreign loans, which had already begun, and of goods which was on the eve of taking place, would have

been hastened, and the ultimate discredit and derangement of the circulation would have been precipitated. The main difference would probably have been that the Bank would not have been run so nearly to the verge of suspension. But, on the other hand, the evidently forcible action of the Bank, before the natural reaction of the speculations had developed itself, would have afforded a plausible ground for the theory which supposes that the termination of those speculations was exclusively owing to a contraction of the Bank issues. Such a pretence afforded to that theory would of itself be no small evil. As it is, an attempt has been made, by an exaggeration of the small contraction which did take place in the Bank issues in 1825, to place to the account of that contraction the greater part, if not the whole, of the recoil of prices of shares and goods, and the whole of the subsequent derangement of the circulation.

By a forcible contraction on the part of the Bank is understood to be a reduction of its securities, whether public, by forced sales, or private, by an advance in the rate of discount. How innocent of such measures, or, in other words, how passive the Bank was in its management through the summer of 1825, will appear by the following statement of its position on the 31st August, 1825 : —

Circulation.		Securities.	
Notes of 5 <i>l.</i> & upwards	£19,002,500	Public	£17,414,566
under 5 <i>l.</i> - -	396,340	Private	7,691,464
	19,398,840		25,106,030
Deposits - - -	6,410,560	Bullion	3,634,320
	<hr/>		<hr/>
Liabilities - -	25,809,400	Assets	28,740,350

On a comparison of this statement with that of the position of the Bank in February preceding, it appears that the deposits had been reduced by about three millions and a half, which, with the

reduction of the circulation by about a million and a half, diminished the liabilities by about the same amount as the diminution of bullion within the same period, while the securities remained nearly uniform. There had, in this interval, been no pressure whatever in the money market; no refusal on the part of the Bank to discount at 4 per cent. any paper coming within its ordinary rules; no appearance of general discredit. But it was during this passive state of the Bank that, in the markets for shares and foreign loans, a very great and ruinous depression of prices had taken place; and in the markets for goods, there was already that stagnation, resulting from the prospect of large forthcoming supplies, which usually betokens an impending fall.

The smallness of the reduction which the circulation had undergone till after the summer of 1825, will appear by the following statement of the average amount in each of the three first quarters of that year, namely,

Quarter ending 31st March	-	-	£21,084,470
30th June	-	-	19,837,770
30th September	-	-	19,776,360

According to this statement, the reduction was, throughout the summer, little more than a million, compared with the quarter ending 31st March, which embraced the period of the highest speculative mania; and the average, in the two quarters ending in June and September, was only by about half a million less than it had been in the last quarter of 1824, which was 20,344,970*l*. But in the last quarter of 1824, a considerable rise of prices, and a general spirit of speculation, were already prevailing; and, if this last-mentioned amount was to be considered as sufficient to account for advancing prices, and a high range of them, an amount less only by about half a million can hardly be considered as the cause of a fall. Indeed, it is

quite preposterous to suppose that anything in the regulation by the Bank of its issues, before October, 1825, can have exercised any influence worth mentioning in the great adverse turn which, during the summer preceding, had taken place in the aspect of commercial affairs. But in October and November following, there was a reduction of between two and three millions, compared with the corresponding spring months, namely, April and May; and this diminution, although it was ineffectual in stopping the drain, yet, coinciding as it did with a tendency from other causes to discredit, and a fall of prices, had, probably, some effect in increasing that tendency.

There is reason to believe that the drain upon the Bank after the summer of 1825, as the exchanges thenceforward progressively improved, was mainly for the purpose of supplying to the country banks, which were then beginning to experience a severe run, the means of meeting the demand for gold in exchange for their small notes.* When the

* Mr. J. Horsley Palmer's Evidence before the Committee on the Bank Charter, 1832, page 22.

"Will you explain in what way the state of the small note circulation operated so as to interfere in the management of the Bank?" "It rendered the Bank liable to a very great sudden demand; for instance, in the end of the year 1825 the demand upon the Bank was nearly two millions and a half sterling, for the support of the country circulation, when the exchanges were nearly at par, if not entirely so, and which placed the Bank in a very peculiar state of difficulty. The whole difficulty of that period, with regard to bullion, arose from that demand."

"You conceive the magnitude of that demand was very much increased by the small note circulation of the country?" "I consider the demand was almost entirely to uphold the small note circulation."

"Will you explain why you are of that opinion?" "Because the holders of small notes are the lower orders of the people, whose fears are more extensively acted upon in times of distrust; and there having been no exchange for the 1*l*. note but the sovereign, the demand upon the Bank became inevitable."

discredit and alarm arising from the numerous failures of banking establishments in December, 1825, were at their height, and when the treasure of the Bank was on the point of being exhausted *, the di-

* The lowest state of the treasure was on the 24th Dec. 1825.

Coin	£426,000
Bullion	601,000
	<hr/> 1,027,000

which is a trifle lower than it had been on the 28th February, 1797, when it was 1,086,170*l*. But the severest pressure on the Bank, and the greatest alarm and excitement of the public mind, were in the week ending the 17th December.

Mr. Richards, who had been deputy governor of the Bank in 1825, in his evidence before the committee on the Bank charter (1832), page 405, referring to the state of alarm in that week, added, "Upon that Saturday night (17th Dec.), we were actually expecting gold on the Monday; but what was much more important, whether from fatigue, or whether from being satisfied, the public mind had yielded to circumstances, and the tide turned at the moment on that Saturday night."

Mr. Richards had been previously asked, "In that week of great pressure in 1825, did the directors of the Bank apply to the government for a cash restriction?" "It was mentioned to his Majesty's government that we thought we were likely to be run dry." "What was the answer you received?" "They declined it." "Absolutely, or conditionally?" "Absolutely, I conceive." "Do you recollect what day that was?" "I cannot recollect the day, but it was during that week ending the 17th." "Although government would not by anticipation authorise a restriction, have you any doubt that, if the Bank had been actually exhausted, the government were prepared by a legislative measure immediately to authorise a restriction for a limited period?" "I mean to say that the government declined absolutely a restriction; and government never held out to the Bank, as far as my knowledge goes, any intention of acceding to it."

"Was the turn which took place in the public mind after the 17th sufficient to save the Bank from being drained, if it had not been for the fresh arrival on Monday morning?" "During the week ending on the 24th there was a demand; but the supplies that came in fully equalised it, if it did not do more; and the confidence had become as nearly as possible perfect by the evening of the 24th."

With reference to this critical period, a remark by Mr. Huskisson, "that we were within a few hours of a state of barter," has often been quoted, as proving the imminence of a general derangement of all pecuniary transactions and great national distress as a necessary consequence of a suspension of cash pay-

rectors adopted the bold and somewhat empirical, but (as it turned out to be successful) the salutary measure of enlarging their issues by discounting freely at 5 per cent. (to which the rate had been recently increased) all mercantile paper that had any pretensions to security. As the exchanges had, before this determination of the Bank, taken a decidedly favourable turn, so as apparently to insure a large influx of bullion; and as it was a paramount object to allay the existing alarm, by the substitution of paper of undoubted credit for so much of the country notes, which had proved to be insecure; the operation was, when all the reasons for it became manifest, justifiable upon grounds of sound policy. But the precedent is dangerous, as it may

ments by the Bank. The remark in question conveys a very exaggerated view of the consequences likely to result from a suspension, and the "state of barter" must have been a mere hyperbolical expression. There can be no doubt, judging by all analogy, that Bank of England notes, and the notes of those private bankers whose solvency was beyond all question, would have passed currently, preceded probably by public meetings and resolutions, declaratory of confidence in such paper; and the rapid return, which had already begun, of the precious metals, would have enabled the Bank to resume cash payments in a very few months afterwards. But, although "the state of barter" was an exaggeration, there would have been enough of evil attending a suspension to make it a matter of congratulation that we escaped it. It would have been disgraceful to the Bank, and discreditable to the nation, the Bank of England being considered abroad as a national institution. But the great evil would have been in the doubts to which it would have given rise, as to the possibility of maintaining a convertible state of the paper circulation and in the pretence which it would have afforded, for tampering with the currency, to the advocates for a permanently inconvertible paper money, or, if not to these, to the projectors of an alteration of the standard, either by direct debasement, or by the indirect and clumsy, and ineffectual, attempt at the same object by the substitution of what has been called a double standard. And, supposing no other evil, the suspension would, as it entailed no forfeiture of the charter of the Bank, have come to be considered by it as an innocent measure of relief whenever, as the consequence of mismanagement, the treasury had been suffered to run to exhaustion.

be followed under circumstances which may not carry with them, as in this instance, their justification. It is the more dangerous, from the merit ascribed to the Bank directors in coming forward, on so critical an occasion, in support of commercial credit. But against this merit ought to be set the blame of having, a twelvemonth before, enlarged, instead of contracting, the circulation, and of having thus contributed as much as in them lay to bring their establishment to the very verge of a suspension of payment; from which state of jeopardy it was only rescued by a measure partaking of the nature of desperation. And the praise which is often in so exaggerated a manner bestowed upon that measure, has the tendency to confirm the directors in a persuasion to which they were previously too prone, that it is a part of their functions to promote and uphold the commerce of the country; whereas, in truth, the trade of the country can never be in a satisfactory state if it is in any way made to depend upon the patronage or protection of the Bank. All that is required, all that can be desired of the Bank is, that, as a source of the issue of paper money, it should strictly preserve its paper in a sound state; that is, that it should be regulated in such a way as to preserve under all circumstances a due proportion of bullion to its liabilities. With a due attention to that point, the directors might safely leave the trade of the country to its own resources.

The increased issues by the Bank, in the last three weeks of December, were to the extent of between seven and eight millions (including about 800,000*l.* to 900,000*l.* of small notes), as compared with the first fortnight: thus in the week ending

3 Dec.	-	-	-	£17,477,290
10 —	-	-	-	18,037,960
17 —	-	-	-	23,942,810
24 —	-	-	-	25,611,800
31 —	-	-	-	25,709,410

This enlargement of the circulation of Bank of England paper was effected by purchases of exchequer bills in the market to the extent of two or three millions, and by increased discounts of four or five millions.

On the 28th February, 1826, the following was the position of the Bank : —

Circulation.		Securities.	
Notes of 5 <i>l.</i> & upwards	£24,092,660	Public	£20,573,258
under 5 <i>l.</i> -	1,375,250	Private	12,345,322
	<hr/>		<hr/>
	25,467,910		32,918,580
Dposits - -	6,935,940	Bullion	2,459,510
	<hr/>		<hr/>
Liabilities	32,403,850	Assets	35,378,090
	<hr/>		<hr/>

It is perfectly within general recollection (and it has been seen by the statement at page 157.) that this great enlargement of the Bank issues had not the effect of arresting the fall of prices. The reason too why it had not that effect is generally understood, namely, that it served to fill in part, and in part only, the vacuum caused by the discredit of the country bank notes, and of other means of circulation. But it has not been so well recollected, nor understood, that a similar enlargement in 1810, which has been represented as an inundation of paper, causing an advance of prices, and a depreciation of the currency beyond the difference between paper and gold, was issued under circumstances singularly analogous, having been in fact coincident with a great fall of prices, and a great failure of private credit.

It may serve to show how quickly credit was restored if we here refer to the two half-yearly statements of the position of the Bank following that which we have just had occasion to remark upon.

31st August, 1826.

Circulation.		Securities.	
Notes of 5 <i>l.</i> & upwards	£20,402,300	Public	£17,713,881
under 5 <i>l.</i>	1,161,260	Private	7,369,749
	<hr/>		<hr/>
Deposits	21,563,560	Bullion	25,083,630
	7,199,860		6,754,230
	<hr/>		<hr/>
Liabilities	28,763,420	Assets	31,837,860

28th February, 1827.

Circulation.		Securities.	
Notes of 5 <i>l.</i> & upwards	£21,229,220	Public	£18,685,015
under 5 <i>l.</i>	661,390	Private	4,844,515
	<hr/>		<hr/>
Deposits	21,890,610	Bullion	23,529,530
	8,801,660		10,159,020
	<hr/>		<hr/>
Liabilities	30,692,270	Assets	33,688,550

Thus, with a circulation larger than it had been at its highest period in 1825, there was, in little more than twelve months from the nearly complete exhaustion of the coffers of the Bank in December, 1825, such a state of the exchanges as raised the treasure to upwards of ten millions, which, although the deposits had likewise been increased, reached to the proportion of one third of the liabilities. And these effects seem to have been produced in a state as nearly as possible passive on the part of the Bank. The reduction of the amount of private securities, combined with the increase of deposits, proves the entire restoration of credit in that interval, and forms an additional illustration of the mode in which the rate of interest operates upon the position of the Bank.

During the remainder of the epoch under consideration, there was no change of importance. The securities continued nearly uniform to the close of 1827, the discounts having been reduced by upwards of one million, and the public securities increased by a like amount, and the bullion continued to be in the proportion of one third of the liabilities.

SECTION 9. — *Summary of the preceding Survey.*

Upon a review of the period that has passed under examination, it appears,—

1. That the rise in the price of corn in 1823 was not preceded by any such increase of either the Bank of England or the country bank circulation, as to justify the assignment of an enlargement of the issues as the cause of that rise; and that the subsequent fluctuations of the price of corn, compared with the variations in the amount of the circulation, exhibit so striking a discrepancy as is quite destructive of the alleged connection.

2. That the increase of four millions in the circulation of Bank notes, assumed and alleged to have been the consequence of the measure proposed by government, and adopted by parliament in February, 1822, for issuing that amount of exchequer bills, is a pure fiction, involving the gross error of confounding the creation of a given amount of securities with an addition of so much money to the circulation.

3. That the prices of corn did not vary coincidentally in point of time, nor proportionately in degree, with the variations in the prices of commodities. A very considerable elevation of the prices of all provisions, including corn, had taken place in May and June, 1823, while nearly all other articles were falling. And again, the prices of corn, notwithstanding a large admission of foreign grain for consumption, were rising in the summer of 1825, coincidentally with a decline which had then commenced in most other descriptions of produce.

4. That, instead of ascribing to the circulation an influence on the price of corn in the interval between 1822 and 1826, there are strong grounds for believing that the prices of corn, under the operation of the corn laws, combined with the

seasons, exercised considerable influence on the state of the circulation.

5. That the markets for commodities, as contradistinguished from the prices of provisions, were dull and, in some instances, drooping in the spring and summer of 1824, and did not experience any considerable or general improvement till an advanced period of that year, when it was discovered that the stocks on hand of most articles were reduced below the average rate of consumption.

6. That the speculations in South American loans and mines, and in the shares of a very considerable number of other joint-stock companies, had their origin in the early part of 1824, while the markets for commodities were dull and drooping, and when, although the circulation of the Bank had been enlarged, the bullion in its coffers had increased in a still greater proportion, and exceeded the amount of any former period; whence the conclusion is, that the same tendency to speculation in those loans and shares would equally have existed if the basis of the currency had been purely metallic.

7. That one of the predisposing causes of the speculations in foreign loans and in shares in 1824 had been the fall in the rate of interest, and the reduction of it upon some of the funds of this country; such reduction having excited, among persons whose incomes were in consequence diminished, a restless feeling, and a disposition to hazardous investment.

8. That the Bank of England, by not only maintaining but extending its circulation after the summer of 1824, when the state of the exchanges and the efflux of bullion indicated the propriety of an opposite course, and by unduly continuing the facilities of the money market, had extended the range and duration of the speculations; thus adding to the causes which were already in operation to

depress the exchanges, and consequently to increase the drain on its coffers.

9. That the extensive failures of country banks, and of some of the London banking houses, and the general derangement of the circulation in the autumn of 1825, were clearly the consequence of their overtrading by issues of paper, and by advances on securities, either inadequate or not sufficiently convertible, in an undue proportion to the capitals possessed by them, and to the deposits in their hands.

10. That the empirical and hazardous, but successful, measure adopted by the Bank, at the close of 1825, of extending its circulation in the face of a run which had reduced its treasure to the lowest ebb, would not have been called for but to counteract the consequences of a previous great error in the regulation of the issues in the autumn of 1824 and the spring of 1825.

11. That the fall of prices of shares and commodities after the summer of 1825 was the effect of the cessation or abatement of the causes of the rise, in each particular instance, accelerated and aggravated by the state of discredit and the derangement of the circulation at the close of that year.

12. That the prices of provisions, as they had been little influenced by the spirit of speculation which raised the markets for other produce, and the shares in foreign loans and joint-stock companies, so they were little affected by the causes of reaction which operated on those other markets.

CHAPTER IX.

STATE OF PRICES AND OF THE CIRCULATION FROM
THE COMMENCEMENT OF 1828 TO THE CLOSE
OF 1832.

AFTER the violent changes that characterised the period which has recently passed under consideration, the trade and manufactures of the country had, in 1827, resumed their usual and steady course at the reduced prices to which the increased supplies and diminished cost of production had inevitably led.

The corn trade, and the prices of provisions generally, were, in the last chapter, shown to have been distinctly under the combined influence of the seasons and the corn laws, and not to have participated in the great changes which the state of commerce and of credit underwent in the interval from 1823 to 1827.

In the period which is now to come under consideration, we shall have occasion to see, that while the prices of provisions underwent very considerable variations, but were for the most part at a relatively high range, the trade and manufactures of the country, although proceeding in progressive extension, were, for the most part, undisturbed by any great fluctuations, the general tendency being to a decline of prices from causes which will be separately examined.

The price of provisions will, according to the order hitherto observed, come first to be considered.

SECTION 1. — *Prices of Corn from 1828 to 1832.*

We have seen that, at the close of 1827, the corn markets had fallen, although not to their lowest rate, yet to about the prices to which they had on several former occasions subsided, when not under the influence of deficiency or superabundance.

The winter of 1827–8 was open and mild, and the spring following, although occasionally cold and inclement, was not remarkably so. But there was a good deal of rain in June 1828, at the critical time of the blooming of the wheat, and the appearances of the crop were unpromising. Prices had accordingly experienced a slight improvement as the season advanced. About the second week in July, the rains set in heavily, and the weather continued thenceforward till the middle of August to be very wet and stormy. The crops in the home district, and in the great corn-growing counties, being rather forward, were exposed to great injury by the prevalence of such weather during the progress of the harvest, and were in consequence mostly carried in very bad condition. Independently, however, of the condition, the produce was found to be deficient; the wheat crop especially, the grain being coarse and shrivelled, and consequently light and unproductive: this description applied chiefly to the southern and eastern counties. As the weather had cleared up in the third week of August, and thenceforward continued fine, all the crops in the more northerly districts were secured in good order, although even in those the produce was considered to be below an average, and the quality indifferent. Upon the occurrence of the fine weather at the end of August, the markets receded rapidly; but when it was ascertained, upon the conclusion of the harvest, that the yield upon the whole was greatly deficient, the

markets resumed their tendency upwards, and the average price in November reached 75s. 3d. for wheat. The ports then became open at the lowest duty.*

This instance is a specimen among many others of the little direct influence of the circulation in counteracting the force of opinion on prices; for, as we shall have occasion to see, there was coincidentally with this great rise of the price of corn, a reduction by the Bank of its issues.

The rise and high range of the prices of corn during this contracted state of the circulation, was not from the pressure of immediate scarcity, and consequent urgent demand for consumption, but the effect of opinion of *eventual* scarcity. The advance at that season of the year, namely, in the three months immediately following the harvest, which, after the middle of August was secured in perfectly dry condition, and a great part of the wheats, therefore, although inferior in quality, were fit for immediate use, necessarily involved more or less of speculation; thus proving that as soon as grounds existed for entertaining a favourable opinion of the future course of markets, the circulation, however contracted, did not prevent a great speculative rise. The speculation, however, went on the prospect of a greater rise, and a higher range of prices than were eventually realised. And the rise would have been greater, had it not been for circumstances which were subsequently developed.

1. The surplus of the old stock proved to be beyond what had been reckoned upon.

2. The crops, though decidedly defective, were rather less so than had been anticipated, those in the north having been well secured, and not so

* But, as during the fall of the prices of corn in 1827, the prices of meat had ranged comparatively high, the advance of the prices of corn in the autumn of 1828 was accompanied by a fall in the prices of meat.

deficient in point of acreable produce as they had been in the south.

3. A great increase of the importation from Ireland, for instance :

		Wheat.			Flour.
1827	- -	307,646 qrs.	- -		341,630 cwt.
1828	- -	474,993	- -		621,568

4. A large foreign importation, of which a considerable proportion came from a quarter that had not at all been looked to as a source of supply, namely, Spain, which in our former scarcities had been a competitor with us in purchasing corn in the north of Europe, and on some occasions requiring supplies from this country. No less than from 200,000 to 300,000 quarters were received from thence in the winter of 1828-9.

If it had not been for these unlooked for circumstances, but more especially if the harvest had proved as calamitous as that of 1816, and if the scarcity had extended, as it did in that year, to the whole of the Continent of Europe, the prices of 1829 would probably have reached at least the elevation of those of 1817. In the examination of Mr. David Hodgson before the Agricultural Committee of 1835, he is asked, "Do you not conceive that if any one of the years to which you allude, from the year 1828 to the present period, had been of a similar character to that of 1816, the deficiency which occurred during that period would have been felt with greater pressure in this country?" Answer, "I should think there cannot be a question of it."

But the supply, including the quantity of foreign admitted for home consumption, about 850,000 quarters of wheat, between the harvest of 1828, and that of 1829, having with the surplus from the former year proved to be more than sufficient at the advanced prices, the markets gave way as the harvest of 1829 approached.

The winter of 1828-9 was colder than the preceding winter, but was not marked by any character of severity. The spring following was rather backward, but not remarkably so; the summer and autumn, however, were wet and cold, and the harvest was much protracted by the unsettled weather which prevailed during the whole progress of it. The crops, although ill got in, and as the event proved, deficient in quantity, and inferior in quality, were hurried to market at the close of 1829, and the averages were in consequence much depressed, having at the close of the year got down to 55s. per quarter for wheat. This depression of the corn markets between the close of 1828, and the winter of 1829-30, to the extent of upwards of 20s. per quarter on wheat, short as was the duration of the fall, was, while the depression lasted, felt very severely by the farmers, more especially those of the heavy clay lands. The produce of these was very deficient in quantity, and very inferior in quality, and got in at a very heavy expense. And those farmers who, whether under the influence of necessity, or of opinion, hurried their corn soon after harvest to market, were obliged to submit to ruinous sales; a large proportion of the wheat so hurried to market being damp and in bad condition, as well as inferior in quality, was, at the close of 1829, and through January and February 1830, sold mostly under 50s., while the very small proportion that came to market in a dry condition, and of good quality, fetched from 70s. to 75s., and fine foreign was worth 80s. It was with reference to this short interval of depression of the corn markets, that notice was taken in the King's speech, delivered by commission, on the meeting of parliament, 4th February 1830, of the existence of distress among the agricultural and manufacturing classes in some parts of the United Kingdom, in the following terms:—

“ His Majesty commands us to inform you that the export

in the last year of British produce and manufactures has exceeded that of any former year.

“ His Majesty laments, that notwithstanding this indication of active commerce, distress should prevail among the agricultural and manufacturing classes in some parts of the United Kingdom. It would be most gratifying to the paternal feelings of His Majesty to be enabled to propose for your consideration, measures calculated to remove the difficulties of any portion of his subjects, and at the same time compatible with the general and permanent interests of his people. It is from deep solicitude for those interests that His Majesty is impressed with the necessity of acting with extreme caution in reference to this important subject.”

“ His Majesty feels assured that you will concur with him in assigning due weight to the effect of unfavourable seasons, and to the operation of other causes which are beyond the reach of legislative control or remedy.”

The reference here made to the effect of the seasons in producing the alleged distress, was explained by the Duke of Wellington; in reply to remarks in the House of Lords on the address. “ In considering,” he said, “ the remedies to be applied to this state of things, you are to give due weight to the unfavourable nature of the seasons, which occasioned enormous expenses in collecting the harvest, and which has in fact occasioned one bad harvest, if not another, so that the collection of it was excessively expensive.”

There were, in fact, besides the great inferiority of quality, two circumstances which prevented those farmers who brought their crops quickly to market after the harvest of 1829 from obtaining in the price a compensation for the deficiency of the produce; and these were first, the admission in July of that year of a large quantity of foreign corn, and the other was the enormous expense of harvesting, which was attended with more interruption and delay and damage than in any season since 1816. But these circumstances would not of themselves have been sufficient to countervail to the farmers the effect of the deficiency on the price, had it not been that for some time after the harvest, opinions and reports were divided as to

the extent of the deficiency, and as the event proved that the produce of 1828, with the stock in hand, had been under-estimated, so it should seem that there had been an opposite error in over-estimating that of 1829.

The winter of 1829–30 was, although not one of the most severe, yet of considerable severity, the most so of any since 1813–14. The deficiency of the harvest of 1829 became manifest in the spring following, when the average price rose sufficiently to admit of an entry of about 300,000 quarters of foreign wheat for consumption at a duty of 20*s.* 8*d.* per quarter.

After that partial admission the prices of corn again rose. The weather during the summer of 1830, although not so wet as the two preceding summers, was unsettled, and as the harvest approached, prices rose, insomuch that at the end of August the averages reached 72*s.* and the duty fell to 2*s.* 8*d.*, at which all the wheat and flour that was in bond, or had newly arrived, amounting altogether to about 1,400,000 quarters, was entered for home consumption. The large foreign supply thus admitted just at the time that our own crops were secured, had the effect of rapidly depressing the markets, and the average price for the week ending 22d October, fell to 61*s.* 7*d.* This decline was of very short duration. The crops of 1830 were, at the conclusion of the harvest, estimated to be decidedly below an average. Under this impression the markets rallied.

In this instance, more strikingly even than in 1828, is the force of opinion in counteracting any supposed influence of the circulation exhibited. According to the result of all subsequent information, the wheat crop of 1830 was not so deficient as that of either of the two preceding years, and a large foreign supply was added to it just as the harvest was about to be completed. The circula-

tion was in a very contracted state at the close of 1830, and continued to be so throughout the spring of 1831; yet in what was considered and complained of in other branches of industry, as a very cramped state of the currency, was found to be consistent with a considerable advance, and high range of the prices of corn. Thus the average prices of wheat were,—

22d October, 1830	- -	61s. 7d. per quarter
4th March, 1831	- -	73s. 5d. “

This rise was, as had been the case in the autumn of 1828, but upon more doubtful grounds, the mere effect of opinion operating at a time when there could not be actual scarcity, and when, as regarded the money market, there was the very reverse of anything like facility of obtaining artificial means for speculation. There had been, in the interval, a further reduction of Bank notes, to the extent of nearly two millions. It was a time, too, when the small country notes had ceased to circulate. And it was, moreover, a period of great political agitation, connected with the change of ministry, and with a very excited and disturbed state of feeling * through the country. All these were circumstances very adverse, as might be supposed, to speculation; and yet it was a mere speculative opinion (which, in the result, proved to have been formed on insufficient grounds) that caused a rise of 20 per cent. in a few weeks†—a rise

* The disturbances which broke out so alarmingly among the labourers in some of the agricultural districts, in the autumn and winter of 1830-1, were greatly aggravated, if not produced, by the high prices of provisions. The complaints were of the inadequateness of wages. This, in other words, means the diminished quantity of necessities which they could command.

† As a further proof of the little direct influence of the state of the circulation, administered as ours is, upon the prices of produce, it may here be observed, that not only did the prices of corn advance considerably in the spring of 1831, but meat and wool, which had previously been depressed, rose also very consi-

which was the occasion of admitting in the spring of 1831, 1,491,631 quarters of foreign and colonial wheat and meal into consumption. It was the admission of this large quantity, which thenceforward, with our own increasing produce, contributed for some time after to depress the corn markets.

The winter of 1830-31 was very variable: sharp frosts of a day or two, alternating with rapid thaws; very little snow in the southern division of the island, but heavy falls in the northern. The early part of the spring was not marked by any particular feature of inclemency, until the month of May. On the 6th of that month, after a succession of very heavy rains, a frost of uncommon severity for the season occurred. The extensive destruction caused by it, to garden shrubs and plants, must be within distinct recollection. And it was supposed, although too early in the growth to admit of being ascertained, that the wheats sustained great injury from that cause, which was developed as they approached to maturity. The same cause of injury was not considered as extending to the northern division of the island, where the crops were backward. The weather, during the summer of 1831, was variable, with a preponderance of wet. While the harvest was in progress, complaints of mildew, and other injury to the corn crops, became very general. This applied more especially to Essex, and some others of the great corn-growing districts; and the acknowledged deficiency of the acreable produce in those districts, led to an opinion, that prices which had been de-

derably. The rise was, doubtless, owing to the effects of a rot which had prevailed among the sheep, as a consequence of the preceding wet seasons. But those of the partisans of the currency theory who consider that this rise was the effect of scarcity, are bound to give a consistent reason, why the previous low prices, and more especially in 1822, might not fairly be ascribed to abundance.

pressed by the large admission of foreign wheat in the spring, would rally sufficiently to require and admit a further foreign supply before the following harvest. But it soon became apparent, that the surplus of the foreign which had already been admitted, with the home growth, which (whether from an extended cultivation, or from the produce in the western and northern districts having turned out better than in the eastern and southern, or what is more probable, from both these causes), constituted a stock more than sufficient to last till the ensuing harvest. As the impression to this effect gained ground, the markets gave way, and the inferiority of the wheat operated not only in depressing the averages, but in deterring speculation, the quality being of a description unfit to hold over, at the risk of coming into competition with a new crop of better quality. There appears, accordingly, to have been, at the close of 1831, sufficient cause for the decline of wheat to an average price of 60s. 5d.*

The winter of 1831-2 was open, and the following spring was neither very forward nor very backward. In the summer, and at the approach of harvest, the weather was rather unsettled; and this, with an impression that the old stock in the country was very much reduced, gave occasion to a little rally in the markets in July and August, 1832, which raised the averages to about 63s. But the weather, from the end of July till the last week of August, proved to be most propitious, and the crops of nearly all

* There had been, coincidently with this decline, a reduction of the Bank issues, and it is possible that the contraction which prevailed, more or less, may, as it coincided with a tendency from other causes, to a decline of the corn markets, have increased or accelerated that tendency; but it has been observed, that in 1829, with a circulation less by nearly two millions than in 1827, the price of wheat was 40 per cent. higher; and it will be seen, that with an increased circulation in 1833, the prices were lower than in either 1831 or 1832.

kinds of grain, but more especially of wheat, were secured, in good order, in the greater part of the country to the south of Yorkshire. In the last week of August, there were very heavy rains, attended with a warm close atmosphere; and the wheats which were exposed to them, suffered considerably. But the injury from this cause was partial; and with this exception, the harvest was well secured, and the yield was reported, upon the whole, to be abundant. As, therefore, the previous prices had been those of deficiency, so, upon the restoration of abundance*, they naturally

* The importations from Ireland had considerably increased, as compared with the two former years.

Of the abundance of the crop of 1832, as it militates with the exclusive currency doctrine, some doubts have been expressed by the supporters of that doctrine; I therefore subjoin the following extracts of some of the evidence before the Agricultural Committee of 1833.

Mr. Robert Hughes, steward to several gentlemen, and a land surveyor, speaking of Wiltshire and Berkshire, with which he was particularly acquainted, is asked, "Do you consider 1831 and 1832 to have been average seasons?" answers, "1831 was a better season, but not so good as the last season." And in answer to further questions, "I never recollect a more kind season than the year 1832, for crops of all descriptions; and in the southern counties, I never knew a better crop." And repeats, referring to the last ten years, "Generally speaking, I never remember a better crop in those counties."

Mr. John Cramp, an occupier of land, at Garlinge, in the Isle of Thanet, and in the habit of making valuations, says, "The last harvest was a very good one; I have known the Isle of Thanet forty years, and never knew one so good." And to a further question, by how much the produce of 1832 exceeded an average harvest in the Isle of Thanet, answers, "I should say one-fourth part, I may say one-fifth certainly, and I think, as compared with 1831, the crop of 1832 was nearly in the proportion of two to one."

Mr. William Simpson, farmer and land-valuer, at Doncaster speaking of stiff lands, and of the crop of 1832, says, "It was the best crop on the clay soils there has been since 1827, though they complain very heavily. It would have been a fair crop, if it could have been well cut, but it was not well got in."

Mr. James Comely, a farmer and land-valuer, at Comptoir, near Winchester, says, with reference to the crop of 1832,

fell; and the average, at the close of December, 1832, was 53*s.* 7*d.* The circulation of the Bank of England had undergone no material reduction in December, 1832, as compared with December, 1831.; thus,—

	Bank Notes.	Wheat.
December, 1831 —	16,890,000	60 <i>s.</i> 5 <i>d.</i>
“ 1832 —	16,511,000	53 <i>s.</i> 7 <i>d.</i>

In France, the prices of the five years which have been under consideration, underwent nearly the same variation as in this country, namely, a rise, in consequence of deficient harvests, in the four years ending with that of 1831, and a fall, as the consequence of an abundant harvest in 1832. But, although each of those four years was marked with more or less of deficiency in France, as well as in this country, none of them were of the desolating character of the season of 1816.

The average price of wheat during the five years ending in 1832, was 63*s.* 2½*d.* per Imperial quarter, equal to 61*s.* 2½*d.* per Winchester quarter*, not-

“It must be considered that it was an extraordinary crop this year.”

		per Imp. qr.		per Win. qr.
		<i>s.</i> <i>d.</i>		<i>s.</i> <i>d.</i>
1828	-	60 5	=	58 6
1829	-	66 3	=	64 2
1830	-	64 3	=	62 3
1831	-	66 4	=	64 2
1832	-	58 8	=	56 10
Average		63 2½	=	61 2½

In the very superficial and imperfect view of the corn trade, taken in the Agricultural Report of the House of Commons in 1833, it is considered as a tribute to the corn bill of 1828, that the fluctuations of price in the five years following were on a smaller scale than in any other period of five years since 1797. And reason good why they should have been so. There had been a general moderate degree of deficiency in each of the consecutive years, except the last, viz. 1832, which before the close of the year had not time to affect the average. And under that moderate degree of deficiency, we were enabled, in

withstanding that there had in that interval been an admission of foreign and colonial wheat and meal for home consumption, to no less an extent than 5,725,221 quarters.*

consequence of all the ports of Europe (France excepted), and of America, being open as sources of supply at low freights, to import in those five years nearly nine millions of foreign grain. But supposing that this country and Europe generally had been afflicted with two seasons in succession such as 1794 and 1795, or 1799 and 1800, or even with a single season such as 1816, in that interval, and further supposing that the interval had also included a season of the exuberance of 1813, 1820, or 1834, what then would have been the boasted steadiness produced by the corn law of 1828? But still more, if in the first two or three years of that interval there had been a deficiency of home growth, to be supplied by an importation from abroad, subject to at least 44s. of extra war charges, followed by a superabundant home growth, coincident with a return of peace, and a consequent cessation of the extra charges, is there not reason to conclude that the price under this same corn law might have varied by the difference between 150s. and 35s? Indeed, if the author of that report had waited till 1835, he would have found that a price as low as 35s. was compatible with that corn law, making, according to the mode of expression adopted in the table which is inserted at page 12 of that report, a variation of 100 per cent. And further, if seasons in Europe, such as occurred at the close of the last and the beginning of the present century should recur, we should, with our present dense population, require a foreign supply of such magnitude as could not be obtained without a rise to upwards of 100s. And such a state of things, whenever it shall occur, will form a due commentary, and probably an extinguisher, upon the present system of corn laws.

* Foreign and Colonial Wheat, and Wheat Meal admitted for home consumption:

				Quarters.
1828	-	-	-	842,050
1829	-	-	-	1,364,220
1830	-	-	-	1,701,885
1831	-	-	-	1,491,631
1832	-	-	-	325,435

5,725,221

And the total quantities of foreign and colonial grain and meal admitted in those five years, amounted to no less than 8,894,424 quarters.

There are several points of view, in which, for the purpose of estimating the effect of the currency on the price, the state of the corn trade in those five years becomes a matter of important consideration,

In this interval the small-note circulation in England had been discontinued, and the whole circulation was considered to be in a contracted state. The greater part of the interval was characterised as exhibiting a distressed state, or a dull and stagnant state of trade and manufactures. The comparatively high range of prices, therefore, could not be ascribed to increased consumption. The whole of the commercial world (France only during a part of that period excepted), was open for this country to draw supplies from, at rates of freight and insurance lower than they had ever before been. Several countries (Spain more especially, which had been during the early period of the war, a competitor with us in drawing supplies from the Baltic, and in the latter years drew supplies from this country), from whence we had never before imported any, or only small quantities, became the sources of unexpectedly large supplies. The experience of the preceding ten years had removed the impression that in ordinary seasons this country, including of course Ireland, did not grow enough for its own consumption. The farmers were therefore, independently of all question of capital or credit, less confident than they had been of a high range of prices, and consequently less disposed to withhold their supplies.

If then, under these depressing circumstances, the average price of wheat was 61s. 2d. per Winchester quarter; it may be worth while to consider what would have been the addition to that price if, requiring as we did a foreign supply, this country had been, with reference to the sources and cost of an importation, situated as it was in the five years ending in 1813.

The contraction and uncertainty of the sources of a foreign supply, *and the certainty that existed in 1811 and 1812 that we could not obtain any supply at all worth mentioning*, do not admit of being estimated adequately in the price, although in general terms it must be assumed and allowed that they would cause a very great rise beyond the mere excess of the charges of importation incidental to the political obstructions which then existed.

But, taking into consideration only the additional charges, constituting an increased cost of production, and of importation from such sources as were alone accessible, of a supply of which we stood in urgent need, the following is a very moderate computation of those charges :

Difference of exchange, or the difference between paper and gold, on an average of the five years from 1809 to 1813, both years included, 20 per cent. on 60s.	-	£0	12
Difference of freight which, with the licences from foreign governments, was in some instances as much as 50s. per quarter, but taking as the lowest of that period, 25s. per quarter, and deduct therefrom 5s. per quarter as the average of freights from 1828 to 1832	- -	£1	0
Difference of premium of insurance between the peace rate of between 2 and 3 per cent. on an average, and 20 to 40 per cent., at which the premiums ranged from 1808 to 1813, but taking only 20 per cent. on a varying amount, suppose an average of 60s. per quarter.	- -		0 12
			<hr/>
		£2	4
			<hr/>

This extra cost (*taken at the lowest computation*), incidental to the war, of 44s. per quarter,

added to 61*s.* 2*d.*, would bring the average of the five years ending in 1832, to 105*s.* 2*d.**, without taking into consideration the further indefinite but necessarily very great effect which would be produced by the uncertainty of obtaining a sufficient supply on any terms. The alarm attending that uncertainty, does not, as before observed, admit of a precise measure in price; but I am perfectly persuaded that, considering the greatly increased density of population in the five years ending in 1832, requiring a foreign supply of nearly six millions of quarters of wheat, besides other grain, to make up for the deficiency of our own crops, if in addition to the effect on prices, of the extra charges enumerated attending a foreign supply, there had been the certainty, as there was in 1811 and 1812, that we could not obtain a sufficient quantity (allowing for the utmost retrenchment of consumption) on any terms, the average price of the five years ending in 1832 would have been decidedly higher than that of the five years ending in 1813; or, conversely, that the price in the five years ending in 1813, would not, but for the extra charges, and the uncertainty of any supply, have been so high as the average prices were in the five years ending in 1832.

The argument then seems to be complete, as derived from the price of wheat in the period

* By the alteration in the mode of taking the averages introduced by the corn bill of 1828, it has been computed that, supposing the state of markets the same, the aggregate returns are lower by 5*s.* the quarter than under the former mode. The returns formerly were confined to corn, the produce of England and Wales; they now include Scotch and Irish corn. The average price therefore of the five years ending in 1832, would, according to the mode of making returns between 1808 and 1813, be 5*s.* higher, namely,

66 <i>s.</i> 2 <i>d.</i>
to which adding - - - - - 44 <i>s.</i> 0 <i>d.</i>

would make the cost, with the war charges -	110 <i>s.</i> 2 <i>d.</i>
---	---------------------------

which has passed under review, against any inference of increased value of money beyond the difference between paper and gold, in the five years ending in 1832, as compared with the five years ending in 1813. Or, conversely, that in the five years ending in 1813, the average price of wheat affords no ground of inference of depreciation beyond the difference between paper and gold.

The ground thus failing of any charge against the operation of Peel's bill, in the interval between 1827 and 1832, from a reference to the price of wheat, the impugnors of that measure have confined themselves to observing upon the considerable fall of prices which occurred in a great majority of other articles in that interval, in proof, as they allege, of the still increasing value of money, and according to their doctrine, of the increasing pressure, or, in the peculiar language of their theory, the greater stringency of the act of 1819.

SECTION 2. — *State of Markets for Produce and Commodities other than Corn from 1828 to 1832.*

It will be seen, by a reference to the tables of prices in the Appendix, that, during the greater part of this interval, while corn had been rising, and was at a comparatively high range, the prices of most other descriptions of produce were falling, and some of them experienced a lower point of depression than is observable in any other part of the period embraced by those tables. The following are some of the principal instances of the greatest depression, and the dates of the lowest quotations :—

Cotton, bowed Georgia, per lb.	5½d.	to	6¼d.	in	1828-9.
Tobacco, Virginia, —	2½d.	to	6d.		1831
Coffee, St. Domingo, per cwt.	31s.	to	33s.		1829
Sugar, white Havannah —	26s.	to	34s.		1831
Indigo, E. India superior —	4s. 10d.	to	6s.		1832

Copper, British, in cakes, per ton.	86 <i>l.</i>	to	88 <i>l.</i>	1831
Iron, British, in pigs,	—	4 <i>l.</i> 10 <i>s.</i>	to 5 <i>l.</i> 5 <i>s.</i>	1832-3
Lead, do. do.	—	12 <i>l.</i> 10 <i>s.</i>		1832
Tin, do in bars,	—	73 <i>l.</i> 10 <i>s.</i>		1828

Many other articles, such as wool, silk, flax, tallow, likewise experienced their greatest depression at different periods in this interval, while corn was at a high range.*

* An elaborate "Statement of the prices of British staple articles and colonial produce, showing the rise or fall in the prices of the respective articles, for each year from 1826 to 1833," has been inserted in the Appendix to the Report of the Committee of the House of Commons on Agricultural Distress in 1833, having been delivered into the committee by Mr. William Moreton Laurence. The prices purport to be the quotations of the first week in January of each year, and a per-centage of rise or fall is inserted against each article, derived from a comparison between the prices of the first week of January 1826, and the first week of January 1833, sinking the per-centage of all the intermediate fluctuations. This statement, therefore, as far as relates to the proposed inference of a considerable fall, extending to the great majority of articles comprehended in it, is simply a comparison of the prices at the end of 1825 and the end of 1832, and is open to the same remark as I had occasion to make on the comparative statements of prices from the commencement of 1819 to the close of 1822, namely, that the point of commencement included a great part of the speculative rise of the period immediately preceding. Thus, in many instances of the quotations of January 1826, the prices were merely nominal, no actual transactions having taken place for several weeks; and if sales had been forced, as they were soon afterwards, the utmost prices obtainable would not have been within 20 or 30 per cent. or more below those quotations; while in other instances the result would have varied greatly, if the comparison had been made with the intermediate prices. But this, as all other statements of mere prices, if unaccompanied by an explanation of the circumstances affecting the supply and demand, as also the cost of production of each article, affords grounds for the most fallacious inferences. And it was evidently with a view to the most fallacious inference of a great increase of the value of money from diminished quantity, as contradistinguished from cheapness of commodities by increased quantity and diminished cost of production, that it was appended to the report in question. Independently however of the fallacy of inference from that cause is another very material one, namely, that a considerable proportion of the articles in the list consists of drugs and chemical preparations, as if it were not a necessary consequence of the improvements of

In the case of every one of the descriptions of produce which thus fell in price during this interval, a reference to the brokers' circulars, which as we approach to recent times are readily accessible, will show that the quantity on hand, or supposed to be forthcoming, was larger than any former estimate, and beyond the previously estimated rate of consumption.

Thus cotton, of which it was supposed, at different stages of its fall for some years before, that the supply could not be kept up without an advance of price, continued to increase in quantity, at less than half of what had been then said to be its lowest cost of production. The same, although not in so great a degree, was the case with silk and flax. Of indigo, the stock on hand had accumulated at the close of 1830 to an extent much beyond the estimated rate of consumption.

The increase of the supplies of coffee from Java, Brazil, and St. Domingo, till the close of 1830, was on such a scale as greatly to outrun the rapidly increasing consumption of Europe. And if a proof had been wanting, that the fall was not caused by the currency, it might be derived from the circumstance, that upon an abatement of the rate of supply relatively to the consumption, the price advanced 50 per cent. in 1830 and 1831, when, as we shall have occasion to see, the circulation was in a more contracted state than it had been in the two years preceding.

The fall in sugar and other colonial produce was fully accounted for on similar grounds.

Of iron, it is notorious that during the interval under consideration the extension of furnaces, and

science, that the cost of production of that description of commodities should be reduced. And among other articles figuring in the list, are the different numbers of cotton twist, the fall of the price of which is the twofold effect of the reduced cost of the raw material, and the very greatly reduced cost of manufacturing, by the application of improved machinery.

the application of increased powers of machinery, had caused such an augmentation of supply, as had greatly outrun an increasing rate of consumption.

In the case of lead, tin, and copper, there was not only an increase in the produce of our own mines, by the application of increased power and improved processes, but a competition in the export trade with foreign sources of supply ; for instance, lead from Spain, tin from Banca, and copper not only from Russia, but from South America and Cuba.

Other articles might be enumerated, the fall of which might be as clearly accounted for ; but these are sufficient for the purpose of general illustration in support of the negative of any presumption or inference to be derived from such fall, of an increased value of money ; meaning, by increased value of money, a diminution of its quantity, while commodities are assumed to remain unaltered in the proportion of supply and demand.

And, independently of other grounds of conclusion in the negative of any perceptible influence from increased value, by diminished quantity of money, in the fall of prices of so many leading articles of consumption in this interval, the strongest possible presumption to the same effect is afforded by the circumstance that the lowest prices of some of these articles occurred between 1828 and 1831, while corn was rising and attained a high range of prices ; and that the former description of articles rose, in some instances very considerably, when corn was falling. It may be said that the cause of the rise of the prices of corn was a deficiency of the crops. That is very true, but it is equally true, and susceptible of proof fully as clear, that in the case of every one of the articles that fell in price, there was actual or prospective abundance, or increase of quantity compared with the previous ordinary rate of supply, and actual or supposed diminution of the cost of production, to account for such fall.

The fall of prices of raw materials, and the still greater fall of the prices of manufactured articles, in consequence of the rapid improvements of machinery, had the effect of greatly extending the consumption both at home and abroad, and there was consequently a considerable extension of both the home and foreign trade, and the revenue was flourishing. But while the fall of prices was in progress, the importers, and the manufacturers, and the mining interests were, in some branches, suffering severely.* And allusion was made, as we have seen, in the King's speech at the opening of parliament in February, 1830, to complaints of distress among the manufacturing classes in some parts of the kingdom. There had, at different times during the fall, been a rally of markets from the influence of opinion that they had seen their lowest. Under the influence of this opinion, the importers and manufacturers were occasionally induced to extend their stocks; but fresh supplies, at a reduced cost, repeatedly disappointed their expectations, and entailed losses upon their previous

* Among the branches of business that suffered severely in this interval, was the private East India trade. Early in 1830, a very extensive failure of one of the principal banking and mercantile firms of Calcutta occurred, and was followed at intervals of some months by four or five other great establishments, which had been of long standing, and once possessed of vast wealth. It was computed that the aggregate of the engagements of the houses that failed at Calcutta between 1830 and 1832, amounted to little less than fifteen millions sterling. In two or three instances their immediate connections in this country were involved and failed also. But as the principal part of the engagements of the Calcutta houses was confined to India, there was not so much of loss or discredit felt here in consequence of those failures, as was to have been apprehended from the enormous scale of their business. A full account of those extraordinary failures, and of the circumstances which led to them, as also much very valuable information respecting the fluctuations in the private East India trade, will be found in the evidence of G. G. de H. Larpent, Esq., before the committee of the House of Commons on manufactures, commerce, and shipping, in 1833.

purchases. The repetition of disappointments naturally abated confidence in the maintenance of markets, and the usual buyers became discouraged from embarking freely, even at the reduced prices, by a feeling of distrust, from having been before mistaken as to the probable sources of supply, and the lowest possible cost of production.

But as a state of rising markets, and eventually a high range of them, in consequence of supplies having for some length of time fallen short of expectation, or of the estimated rate of consumption, is usually followed, first by stagnation, and then by reverses ; so a long course of falling markets is eventually followed by a reduction of stocks, while the consumption is extended ; and this state of things is the precursor of improved markets, and of a period of prosperity in the branches of trade to which the previous distress from low prices had applied. Accordingly the fall and low range of prices observable through a great part of the interval now under consideration, laid the foundation for the activity and generally prosperous state which, as we shall have occasion to see, prevailed among the manufacturing, and mining, and trading classes, in the three years following the present epoch.

SECTION 3. — *State of the Circulation from 1828 to 1832.*

The circulation, as far as related to the regulation by the Bank of its issues, was, in the interval now under consideration, in a more equable state than in any of the preceding epochs (with the exception of that between 1803 and 1808), notwithstanding that in this interval the suppression of the small note country circulation had been accomplished. And it should seem therefore that

the substitution of the metals for those small notes had served only to absorb the gold which had flowed into the country by the balance of trade, and which would otherwise have created an incumbrance of treasure in the Bank of England in 1828, such as it experienced between 1821 and 1824.

The most considerable of the variations in the position of the Bank, in this interval, were in the amount of its treasure. These variations, however, although considerable, did not approach in extent to those which occurred in the interval which has recently passed under review. From February, 1827, to August, 1828, the amount varied only from 10,159,020*l.* to 10,498,880*l.* But in the six months from February, 1828, to August, 1829, there was a reduction of bullion to the extent of upwards of three millions and a half, while the other elements of the position of the Bank at those two periods, had undergone a comparatively inconsiderable variation. The following is a comparative statement at the two periods : —

		30 August, 1828.	
Circulation.			Securities.
Notes of 5 <i>l.</i> & upw.	£20,975,170	Public	£20,682,776
— under 5 <i>l.</i>	- 382,340	Private	3,222,754
	<hr/>		<hr/>
	21,357,510		23,905,530
Deposits - -	- 10,201,380	Bullion	10,498,880
	<hr/>		<hr/>
Liabilities	£31,558,790	Assets	£34,404,410
	<hr/>		<hr/>

		28 February, 1829.	
Circulation.			Securities.
Notes of 5 <i>l.</i> & upw.	£19,514,020	Public	£19,736,665
— under 5 <i>l.</i>	- 356,830	Private	5,648,085
	<hr/>		<hr/>
	19,870,850		25,384,750
Deposits - -	- 9,553,960	Bullion	6,835,020
	<hr/>		<hr/>
Liabilities	£29,424,810	Assets	£32,219,770
	<hr/>		<hr/>

There appear to have been, independently of the

innumerable minute causes which collectively produce considerable movements of the metals, the following circumstances which may have operated in this reduction.

1. The completion of the substitution of a metallic for the small note country circulation, which, however, after August, 1828, must have been a very insignificant amount.*

2. The war in the East of Europe, between Russia and Turkey, which distinctly drew an amount of about one million from the treasure of the Bank. Mr. Horsley Palmer, in his evidence before the Bank Charter Committee in 1832, p. 14., observing upon a demand upon the coffers of the Bank, although the exchange was *apparently* favourable, said, "There may be a temporary demand, and I may instance the years 1828 and 1829, as periods when there was a demand, at a high rate of exchange, for about a million of gold for the supply of the Russian army."

3. A considerable pressure on the money market of the United States in 1828 and 1829, as the consequence of extensive overtrading in 1827.†

* This substitution of coin for the small note circulation proceeded to its completion apparently without any perceptible derangement of the circulation, and *coincidentally with a great advance in the price of corn.*

† It was with reference to the pressure on the money market in the United States in 1828, that Mr. Biddle, president of the United States Bank, published some observations in one of the American newspapers in 1828. After a clear exposition of the general principles of banking, he adds, "These simple elements explain the present situation of the country. Its disorder is overtrading brought on by over-banking. The remedy is to bank less and to trade less. During the last year, money was very abundant, that is, the demand for coin being small in proportion, the banks distributed freely their discounts and notes. This plenty concurred with other causes, especially the expectation of a new tariff, to induce an increased importation of foreign goods, and at the same time furnish great facility for procuring them on credit." "The course of business has been this: A merchant borrows from the banks and sends abroad

4. An importation of foreign corn, to a considerable extent, in consequence of the deficiency of the harvest of 1828 in this country.

5. A drain for Ireland, in consequence of discredit by the excitement prevailing in that country, and a run against the Provincial Bank. The sums that went for that purpose were supposed, according to the evidence of Mr. Palmer (p. 32., Bank Charter Report), to have amounted to about one million in 1828.

It is probable that not any one of those causes would alone have produced any perceptible effect on the circulation, or in the general position of the Bank ; but collectively they produced a considerable impression, although, as will be seen, they had not the effect of reducing the Bank treasure much below seven millions, and that only for a short interval, after which a reflux to the full extent of the original drain occurred. There was some pressure

100,000 dollars in coin, or he buys bills from one who has shipped the coin. With these he imports a cargo of goods, obtaining a long credit for the duties — sends them to auction, where they are sold, and the auctioneer's notes given for them. These notes are discounted by the bank, and the merchant is then put in possession of another 100,000 dollars, which he again ships ; and thus he proceeds in an endless circle, as long as the banks, by discounting his notes, enable him to send the coin, and tempt him to do so by keeping up prices here by their excessive issues. The banks therefore begin by diminishing or withdrawing these artificial facilities, leaving the persons directly concerned in this trade to act as they please with their own funds, but not with the funds of the banks. The immediate consequence is, that the auctioneers can no longer advance the money for entire cargoes ; that they no longer sell for credit, but for cash ; that the price of goods falls ; that instead of being sold in large masses, they are sold slowly, and in small parcels, so that the importer is not able to remit the proceeds in large amounts. This diminishes the demand for bills and for specie to send abroad. In the meantime the importer, finding the price of his goods fall, imports no more ; and the shipper of coin, finding less demand for exchange, and that he can make more of his money by using it at home than by exporting it, abstains from sending it abroad."

on the money market, or, in other words, a rise, although to no inconvenient degree, in the rate of discounts.

Neither the variation of the treasure of the Bank, nor the pressure on the money market, in the twelvemonth following August 1828, would have been worthy of particular notice, but that, from the suddenness and the strength of the tide with which the metals were going out, apprehensions seem to have been entertained by the directors, and in a greater degree perhaps by the government, of a continuance of the drain to an inconvenient extent. It was on that occasion, accordingly, that those who were then considered as the highest authorities in money matters, endeavoured to impress upon the ministers of the day their notions of the impossibility of maintaining the convertibility of paper into gold, and to urge the policy of resorting to that most clumsy of expedients *a double standard*. Such was the importunity and the weight of authority of the partisans of the measure, that the ministers were prevailed upon to institute an enquiry into the merits of it, and evidence was taken upon the subject before the Board of Trade, and printed. Fortunately, the Bank directors were, I believe, much to their credit, opposed to the measure, and proved to the government that, in the event of their treasure consisting of a greater proportion than usual of silver, that metal, although not available for direct payment of its notes, might be made applicable to redressing the exchanges, by transmission of it against bills, or against purchases of gold abroad. And, as pending the enquiry, the exchanges turned, and gold was coming back as fast as it had gone out, the matter was dropped.

On the 26th June, 1830, the treasure of the Bank had risen to the very large amount of £11,795,000. Soon afterwards, however, circumstances arose creating a fresh drain, and to a

more considerable extent, insomuch that on the 5th February, 1832, the amount was reduced to 5,088,000*l.*, being a diminution of little short of seven millions, since June, 1830. Of these circumstances the most obvious were,

1. The revolution in France, in 1830, followed by that of Belgium, and the war between Russia and Poland, causing a stagnation of trade and great discredit, and thus creating an increased absorption of the metals on the continent of Europe.

2. A renewed drain for Ireland in 1830, computed by Mr. Palmer, in the evidence already referred to, at about a million.

3. Renewed importations of foreign corn, of which there had been a pause during the decline of prices after the spring of 1829.

4. And chiefly the political disquiet and distrust which prevailed in this country from the first agitation of the reform question in November, 1830, to the final passing of the bill in the spring of 1832.

Thenceforward there was a reflux of bullion, although slower than on the preceding occasion, into the coffers of the Bank, which raised the amount in the two following years to nearly the sum from which it had been reduced.

A reference to the position of the Bank, as it stood in February and August in each year from 1828 to 1832, will be found to exhibit considerable steadiness in the amount of the circulation, and still more in the securities, while the fluctuations of the treasure were as considerable as those which have been described. In the securities the variations were very small; and this steadiness of them under the great fluctuations of the amount of bullion afforded a strong *prima facie* ground for the argument built upon it by the directors, in favour of the principle to be observed by the Bank, of preserving a nearly uniform amount of securities, and leaving the public to act upon the other elements of its

position. The circulation too, although not so uniform as the securities, did not vary in the same degree with the bullion. And the liabilities, instead of being in the proportion of three to one of the bullion, were in 1829 more than four to one, and in 1832 more than five to one.

It is clear therefore that if the Bank had been active, as it must have been in varying the amount of its securities, in order to preserve the proportion of one third of bullion (which has been considered as the desideratum) to its liabilities, the circulation must have undergone much more violent changes than those which occurred during these five years. And if the business of the issue of notes had been distinct from other banking operations, and confined to the exchange of paper against gold, and of gold against paper, so that the amount of the basis of the currency had varied exactly as it would have done if purely metallic, then, supposing the demand for bullion, whether for export or for internal purposes, to have been as it was, the variations in the amount of the circulation must have been very considerable, although not so violent as it might in some extreme cases be under the rule of one third of bullion to the liabilities.

The question more immediately bearing upon the purpose of this work is, how far the money market and the markets for commodities would have been differently affected, if the Bank had regulated its issues strictly by the variations of its treasure, instead of keeping its securities so uniform as it did. As regards the money market, there can be no doubt that the variations would have been much greater than they were. During 1829, under the very moderate reduction which occurred in the circulation, the rate of discount for first rate bills rose from $2\frac{1}{2}$ and 3 per cent. to 4 per cent., which, being the Bank rate, formed the maximum for that description of bills; and there was an increased resort

accordingly to the Bank for discounts.* For second class and longer dated bills, as much as 5 per cent. was occasionally required and given. But the pressure was of very trifling duration, as well as extent, and was not attended with any commercial discredit, or the slightest derangement of the general circulation, notwithstanding the recent suppression of the country small notes. The case, I apprehend, would have been very different if, instead of the Bank being passive, or nearly so, and holding a rather increased amount of securities, as it did in 1829, it had forcibly reduced them, so as to have made the reduction of the circulation to correspond with the reduction of the bullion. Upon the present footing of the business of the Bank, a forcible reduction of the securities would entail a withdrawal of deposits, and so tend to neutralise the attempt, unless it were pushed to an extreme length. We will suppose, therefore, the business of issue to have been kept distinct from the other business of the Bank, and that its circulation had been made to vary exactly with the variations of bullion. There must in that case have been a reduction of issues to the extent of nearly two millions below the amount as it stood in February, 1829. Now, as there was already some pressure on the money market at that time, under a contraction so small as that which had then occurred, the additional pressure from a

* The increase of discounts at the Bank, in the early part of 1829, would have been somewhat greater, had it not been that the directors, in the exercise of a sort of censorial power which they assumed, and professed always to act upon, of throwing out paper, whatever might be the names attached to it, which appeared to be connected with extensive speculation in any particular branch of trade, rejected, at the time here alluded to, all the bills offered for discount that appeared to be at all connected with transactions on the Corn Exchange. The circumstance may have added to the causes of stagnation and decline of the corn markets which then manifested themselves, but it would otherwise have had no influence.

further reduction, to the extent of two millions, might have proved of considerable severity ; and the transition to an increase of the circulation in 1830, to correspond with an increase of bullion, to the extent of four millions and a half, would have been felt in a sudden glut of money seeking employment at a greatly reduced rate of interest. It is true that, if the reduction of the circulation had proceeded *pari passu* with the drain, the loss of treasure would not have been so great, and the restoration of it would have been sooner effected ; but still there can be no doubt that the variation would, upon a strictly metallic basis, have been greater than it was under the actual regulation, and consequently that the fluctuations of the money market would have been greater than they actually were. The variations in the amount of bullion between 1830 and 1833, were on a still larger scale, and would consequently have entailed a greater variation of the circulation, and considerably greater fluctuations in the rate of interest than those which occurred.

As relates to the markets for produce, the difference of regulation of the issues would have entailed, in the instance of some descriptions, perhaps more of fluctuation, but little if any difference of the price on the average of the whole period. If in the cases of any of the markets for goods, the tendency from other causes was to a rise or fall, any coincident enlargement or contraction might possibly, although not certainly, accelerate and increase that tendency ; but as long as the standard was preserved, whatever might be the fluctuations, the point of subsidence and the average price would be determined by the cost of production, and the supply compared with the ordinary rate of consumption. It is moreover specially to be kept in view, as relates to the supposed influence of the currency upon prices, that during this interval the variations

of the prices of corn were, for the most part, in a direction exactly opposite to the variations of the circulation ; but, in as far as whether in its influence on the money market, or on the markets for corn and other produce, uniformity, or a certain equableness in the amount of the circulation, is considered to be desirable, it must be admitted that the regulation of the Bank issues, in the five years ending in 1832, presented more uniformity than could have been preserved if the notes had varied as the amount of bullion varied.

SECTION 4. — *Summary of the preceding Survey.*

The interval that has passed under review, not having been marked by such great changes in the rate of interest or in prices, or in the state of credit, and in the general circulation as characterised the former epochs, presents fewer prominent points to be borne in mind. Those which it is most desirable to keep in view, with reference to the conclusions to be drawn as to the influence of the currency, are,

1. That after the cessation of the circulation of the country small notes, and during a contracted state of the currency, the price of wheat was, on the average of five years, ending in 1832, 61s. 2d. the Winchester quarter, which price, adding only, at a very moderate computation, the extra charges which formed the condition of a foreign supply in the interval from 1808 to 1813, namely, 44s. per quarter, would render the average of the more recent period, if the same political obstructions had existed, equal to that of the last five years of the war. And if there were superadded in the five years ending in 1832, the apprehension which prevailed, and indeed was realised in 1811 and

1812, of not receiving any foreign supply at all, there is every reason to believe that, in the more recent instance, the prices would have been considerably higher than in the closing years of the war.

2. That the prices of imported raw materials, and of the mining products of this country, were mostly falling during the period under review, but that in every instance the circumstances affecting the cost of production, and the supply compared with the ordinary rate of consumption, were sufficient to account for the fall.

3. That in this, as in some of the former intervals, the circumstance of the opposite tendencies of the markets for provisions, to those for other produce, is decisive against the hypothesis of the influence of a single cause, such as that of the currency.

4. That with reference to the regulation of the Bank issues in this interval, there were considerable variations in the amount of bullion, while the securities were preserved in a considerable degree of uniformity, and the circulation varied much less in proportion than the treasure.

CHAPTER X.

STATE OF PRICES AND OF THE CIRCULATION, FROM
THE COMMENCEMENT OF 1833 TO THE CLOSE
OF 1837.

IN the period which we are now about to enter upon, and which will bring to a close the historical sketch of prices and of the circulation which it has been the purpose of this work to exhibit, the fluctuations of markets, and of the circulation, and of the state of credit, although not so striking as those which occurred in some of the preceding periods, have been attended with circumstances of no ordinary interest, and have opened fresh grounds of controversy on the long agitated topic of the regulation of the currency.

We have seen in the interval which has just passed under review, that, during the greater part of it, while corn had been rising and had ranged at prices which, allowing only for the difference of the charges of importation, were as high as the average prices of the five years from 1808 to 1813, most other descriptions of produce had been falling, and were at an extreme, and in some instances an unpreccented, degree of depression. We shall now have to see that while, in the three first years of the epoch which we are entering upon, the prices of wheat fell progressively, and experienced a degree of depression below any that is recorded within the last sixty years, the prices of most other descriptions of produce were rising. The variations in the markets for these different descriptions of produce in the two last years, namely, 1836 and

1837, have been more irregular, but not less susceptible of being accounted for on grounds distinct from the currency theory. The explanation, however, will in each case be more conveniently and clearly afforded by a subdivision of the interval under examination into two periods, the one embracing the fall of the price of wheat from the close of 1832 to the close of 1835, and the coincident rise of the prices of other descriptions of produce; and the other, and the closing period of the present sketch, will exhibit the variation of markets, connected, among other causes, with the recent derangement of credit in the commercial intercourse between this country and the United States of America.

SECTION 1. — *Fall of the Price of Wheat from the Harvest of 1832 to the Close of 1835.*

We have had occasion, in the review of the last epoch, to observe, that the produce of the harvest of 1832 was found to be generally abundant, and that from the completion of that harvest till the close of the year there had been a considerable fall of the prices of corn. The prices of other descriptions of food had likewise fallen. This transition from the comparatively high range of the prices which had prevailed during the preceding four years, to a state of relative cheapness of provisions, while it greatly improved the condition of the bulk of the community, gave rise, as usual on such occasions, to complaints of agricultural distress.

In the speech from the throne, on the opening of the session of 1833, the distressed state of agriculture formed one of the topics recommended to the consideration of parliament. A select committee of the House of Commons was in consequence appointed to inquire into the state of agriculture. In the examinations by that committee a question to

the following effect was put to nearly all the witnesses, who, as occupiers, or surveyors, or land agents, were supposed to be competent judges: "Speaking of the district you are best acquainted with, should you say that the cultivation was stationary, was improving, or going back, on a comparison of the last ten or twenty years?" The answers, with very few exceptions, were to the effect, that the cultivation of the inferior soils and heavy clay lands was in a state of progressive deterioration; and some of the witnesses stated, that the gross produce of such lands had undergone a diminution to the extent of from one fifth to one fourth. One or two instances indeed were mentioned, in which the cultivation in certain parishes had been wholly abandoned. It was upon such evidence that the committee in their report stated as follows:— "The committee of 1821 assumed, what they believed to be then true, 'that the annual produce of corn, the growth of the United Kingdom, was, upon an average crop, about equal to the annual consumption.' Your committee, on the contrary, is satisfied, by the strongest concurrent testimony from different parts of Great Britain, that the occupiers of the inferior soils, especially of heavy clay land, have of late expended less capital and labour in their cultivation. This neglect, arising from low profit, and prices inadequate to the cost of production, combined with a series of wet seasons, peculiarly disadvantageous to land of this description, has caused a diminution in the gross amount of produce; and the discontinuance of the use of artificial manures, together with a system of overcropping, has impaired the productive power of these inferior soils; and in some cases, where the poor rate is heavy, their cultivation has been entirely abandoned."

The above passage would lead to the inference, that the wet seasons were only accessaries, and that

there were more permanent causes in operation tending to diminish the annual produce.

The committee, after quoting Mr. Jacob's evidence *, as a ground for the supposition that the stock of wheat on hand at the commencement of harvest was very low compared with what it had formerly been, proceed to observe, " On this branch of the subject, after the most full enquiry, and the most careful examination of the evidence, your committee have formed a decided opinion, that the stocks of home-grown wheat in the hands of the farmer and of the dealer, at the time of harvest, have gradually diminished ; that the produce of Great Britain is, in the average of years, unequal to the consumption ; that the increased supply from Ireland does not cover the deficiency ; and that, in the present state of agriculture, the United Kingdom is, in years of ordinary production, partially dependent on the supply of wheat from foreign countries."

How far these conclusions have been borne out by subsequent experience and evidence of facts, will be seen hereafter. There is one point, however, which the whole tenor of the evidence before the committee of 1833 tended to establish beyond doubt, and that is the improved condition

* "Do you conceive, taking the dealers — from the great dealers in seaport towns to the small dealers in market towns — there is a lessening in the stocks such persons hold?" "Certainly, of English wheat." "Can you state in what proportion to the time the stocks were considered high?" "I did suppose at one time, when we had a harvest in 1816 which was so very deficient, we had then six months' consumption (about six millions of quarters) in the country. I do not think there has been a month's consumption in the country at the time of harvest since 1829." "Can you form any opinion of what was the cause of the reduced stock in the hands of the farmers?" "I suppose in some measure the reduction of capital ; they have been paying a great deal of rent out of their capital."—Evidence of William Jacob, Esq., *Report of Agricultural Committee, 1833*, p. 6.

of the agricultural labourer ; the fact is thus noticed in the report : — “ Amidst the numerous difficulties to which the agriculture in this country is exposed, and amidst the distress which unhappily exists, it is a consolation to your committee to find that the general condition of the agricultural labourer in full employment is better now than at any former period ; his money wages giving him a greater command over the necessities and conveniences of life.”

There can be the less hesitation in assuming that this conclusion has been most completely established by that evidence, because it came out in defiance of the most persevering cross-examination of witnesses, whose habitual bias accorded with that of the examiners in favour of the theory that the condition of the agricultural labourer is improved by high prices of corn. And this admission by the committee is the more remarkable, inasmuch as the inference that would inevitably flow from it is essentially at variance with that passage already quoted of the report, wherein the committee state, that they are “ satisfied by the strongest concurrent testimony from different parts of Great Britain, that the occupiers of the inferior, especially of heavy clay, land, have of late expended *less capital and labour in their cultivation.*”

The promulgation by that report of opinions so confident, founded on information so extensive, and apparently upon testimony to be relied upon, of a deteriorated and diminished cultivation of the land, and of the insufficiency of our own growth to supply the annual consumption, had the effect, combined with other circumstances, of arresting the fall, and, for a short time, of somewhat improving the corn markets in the spring and summer of 1833.

The winter of 1832-3 had been open and wet. The spring, likewise, of 1833, with an interval of

about a fortnight of dry weather in March, was wet; more especially throughout the month of April, and until the first two or three days of May, 1833, when it became fair, and so continued through the greater part of May and June. The proportion of brilliantly fine and hot days in those months was very unusual for this climate. The weather was so forcing and parching as to stunt the growth of the spring corn, and to excite some apprehension for the wheats.*

The latter half of June and the whole of July were attended with seasonable showers. But on every occasion of rain there was an impression of the danger of a wet season succeeding to the extreme drought; and this impression, combined with reports, at the approach of harvest, of thinness of the plant of wheat, combined, also, with the opinions promulgated by the agricultural committee, had the effect of sustaining, and in some instances raising, the price of wheat; while, as it was clear that the spring crops were deriving great benefit, with little comparative risk, from the rain, the prices of spring corn fell. Thus, on the 26th of July, the average prices were —

			s.	d.
Wheat	-	-	56	4
Barley	-	-	25	11
Oats	-	-	19	2

On the 15th of November, when the harvest had been secured, the prices were —

* It may be worth here noticing that, on the 11th June of that year, there sprung up suddenly a westerly gale of wind, amounting for a few hours, in the middle of the day, to a hurricane, which had an extraordinary withering effect on all vegetation that was directly exposed to it. The leaves of the trees, which had received the full force of the wind, looked literally scorched. The flag of the wheats, then coming into bloom, was discoloured by the blast, in the district to which it extended; and it was apprehended by some persons that the grain must have sustained injury from that cause; but the apprehension proved to be unfounded.

			s.	d.
Wheat	-	-	51	4
Barley	-	-	31	2
Oats	-	-	19	9

The wheat crops, although they were, from the dry and sometimes parching character of the summer, rather thin on the ground, were found to yield well; and the whole of them having been secured in good order, the markets became abundantly supplied, and prices continued to fall to the close of the year.

The winter following, viz. 1833-4, proving to be, equally with the preceding winter, mild and open, so as to spare the consumption of dry food, spring corn fell more considerably than wheat. But thenceforward, barley and oats, and peas and beans, advanced, while wheat continued to decline. After a mild winter, rather wet, but with little or no snow, the spring of 1834, with the exception of the month of April, which was cold, proved to be forward; and the months of May and June were, as in the former year, brilliantly fine for the greater part, accompanied by a high temperature. On the light and burning soils, the spring crops suffered again considerably from the dry weather. This was relieved in some degree, however, by the occasional showers which fell in the latter part of June and during the subsequent part of the season, so as to refresh and repair the spring crops, and to give bulk to the wheat, preserving, however, the character of a dry season. The weather for the harvest was generally fine, and, with the exception of a district within about 20 or 30 miles of London*, all the crops were secured in good

* On the 30th July, 1834, there was in London, and in the direction from thence westward into Berkshire, a very heavy rain, with a still and close atmosphere, and a high temperature, the thermometer at 80. This description of weather, within the extent to which it reached, namely, about thirty miles, and for the time during which it lasted, fortunately not very long, in-

order; proving the harvest of that year to have been, upon the whole, one of the most productive upon record.

After the conclusion of the harvest of 1834, there not being a dissentient report, either as to the bulk on the ground, or the great yield of the wheat harvest, there being also still a good deal of the old stock on hand, the markets naturally declined thenceforward, and at the close of the year the average price was 40*s.* 6*d.* But spring corn and pulse, though they had recovered greatly from the drought of the early part of the summer, maintained a higher relative range, the average at the corresponding time being —

			<i>s.</i>	<i>d.</i>
for Barley	-	-	31	1
Oats	-	-	22	0
Beans	-	..	37	1
Peas	-	-	41	9

The winter of 1834-5 was as open, and as much marked by an absence of snow, as the three preceding winters. There was a good deal of rain in March, but upon the whole, the spring of 1835 was favourable, both to farming operations and to the progress of vegetation, but more especially of the wheat crops; and the early summer, that is until the last week of June, was brilliantly fine. The spring crops had again suffered, though not in a severe degree, from want of rain; but the wheats had mostly passed their blooming, and were of extraordinary bulk and luxuriance, and promised to equal, if not to surpass, the crop of 1834. But in the last few days of June, there came on very heavy rains, accompanied by high winds, which laid the crops more extensively than perhaps was ever

jured the condition of the wheat that came within its range very considerably, without however materially affecting the bulk, which was universally great.

known to have occurred in the same space of time. Fortunately, after three or four days' duration, this inclement weather was succeeded by bright days and brisk breezes, which prevented further damage. But, from the great bulk and talness of the straw, very few of the fields so laid ever recovered their upright position, and the ears consequently ripening near the ground, did not fill so well as they otherwise would have done. It was from this cause chiefly, that the crop of 1835, although the bulk of straw was almost beyond precedent, and the weather, after the end of June, was the most propitious possible for the ripening and securing of the harvest, was decidedly inferior upon the whole in yield to that of the preceding year, at the same time little, if at all, short of an average. On this point, the greater part of the witnesses before the agricultural committee are agreed. Some few, indeed, state their crop of wheat in 1835 to have surpassed that of 1834; and this is not improbable, of such as escaped the effects of the heavy rains at the end of June. The crops throughout the kingdom were secured in the best possible order, and fit for immediate use; and coming thus early to market, they entailed a ruinous competition with the old wheats, of which the stock was unusually large, and in respect of which the holders began to despair of benefit by keeping any longer. Under these circumstances the markets naturally declined; and nothing can more clearly shew the strength of capital still remaining among the farmers* than that the pressure, and the consequent decline of prices, were not greater than they proved to be.

* That much farming capital has been lost by the pertinacity with which in many instances rents, calculated upon long periods of dearth, were maintained after the return of abundance, and its necessary consequence, cheapness, cannot admit of any reasonable doubt. But the most gross exaggeration has prevailed in representing the farmers as being very generally in a greatly impoverished state. That many are so, where rents continue to

The lowest point of depression was in the last week of December, 1835, and the first of January, 1836, when the average price of wheat was 36*s.* for the imperial quarter, equal to 34*s.* 11*d.* for the Winchester quarter. This great depression of the price of wheat gave rise to fresh complaints of agricultural distress, and select committees were appointed, respectively by the Lords and Commons, early in the session of 1836, to enquire into the nature and causes of the alleged distress. The tenor of the information elicited by these committees was little calculated to bear out the views of the persons who had moved for them. The consequence was, that no report could be agreed upon by either house; and the evidence only was laid upon the table of each house, and eventually published. It seems, however, that the chairman of the Commons' committee had prepared a report, which, not being palatable to the promoters of the ultra-agricultural claims, was negatived. The intended report subsequently appeared in the form of a letter from Mr. C. Shaw Lefevre to his constituents. It contains a very lucid and impartial exposition of the conclusions to be derived from the examinations by the committee. Mr. Hutt, late M. P. for Hull, has also published a compendium of the evidence, with a few judicious introductory observations. To these publications, such of my readers as may feel an interest in the subject, but may not have the courage to wade through the voluminous mass of evidence constituting the reports, are referred for an epitome of the most unquestionable proofs, in refutation of the opinions promulgated by the agricultural com-

be strained, may easily be supposed; but that they are generally so may fairly be doubted, seeing the state of improved and improving cultivation; but more especially may it be questioned, upon the single fact of the very large stocks of wheat held over of the crop of 1834.

mittee of 1833, of the deteriorated cultivation of the land, and the consequent diminution of produce. The whole tenor of the evidence, indeed, not only negatives the decline, but establishes the improvement and extension of cultivation, and the increase of produce; and it further proves, beyond dispute, the gratifying fact, that the condition of the agricultural labourer had been greatly improved, coincidently with the further fall in the prices of necessaries, his money wages not having been reduced in the same proportion.

The evidence, as to the deficiency of the produce of wheat, in the seasons of 1828, 1829, 1830, and 1831, has already been stated; and it is not only admitted by the partisans of depreciation, but there is, throughout the examination by the committees on agriculture, a disposition to exaggerate the deficiency, in order to bring out the conclusion that, while the scarcity arising from the seasons is sufficient to account for the comparative elevation of prices in those years, in spite of the continued depressing force of the currency, there has been no such abundance of the produce of wheat in the four succeeding seasons, as to account for the subsequent fall of prices, except in a small degree, otherwise than by a reference to the operations of Peel's bill. It was very well put in the Lords' committee on agriculture, in a question to one of the witnesses, who considered the fall of prices to be mainly caused by the currency: "Whenever there happens to be a rise, you look out for some justification in the state of the harvest; and whenever there is a fall, you look out for some justification in the state of the currency, abandoning any argument to be drawn from wet harvests, or the operation of the weather?"*

* See evidence of E. S. Cayley, Esq. M. P. before the Lords' committee on agriculture, 1836, p. 279.

The evidence contained in both the Lords' and Commons' committees on agriculture, in 1836, as to the fact that the four seasons ending in 1835 were, as a series, extraordinary in their produce of wheat, is so full, and given by farmers, and surveyors, and corn-dealers, who were all interested in obtaining accurate information, and most competent to form a just conclusion, as to leave hardly the pretence for a doubt on the mind of any person who will be at the trouble of examining it.

I will instance only the following as specimens, taken from among the most eminently practical of the witnesses, from different parts of the country:—

Mr. John Ellman, Glynde, near Lewes, Sussex, (one of the most extensive, experienced, and intelligent farmers of the day,) examined. "Has there been a great increase in the produce of wheat in your neighbourhood in the last three years?" "Upon the clay lands the produce has been most extraordinary." "Is it owing to a greater quantity being sown with wheat, or owing to the increased fertility of the soil, in consequence of favourable seasons?" "Owing to the dry weather, which is always favourable to the growth of wheat in those particular soils." "Has the wheat been of better quality than in previous years?" "Much better." "And consequently it would produce a larger quantity of flower?" "Yes." "Do you think that the increased production of wheat, and the increased weight of the wheat from its better quality, would be sufficient to account in any way for the low price of wheat at present?" "I think so, certainly." "Should you say there has been any decrease in the consumption of wheat?" "I do not think that there has in our neighbourhood; on the contrary I think the consumption has increased." "Do you consider the general increase of which you speak is equivalent to the great fall of price between 1833 and 1835?" "I have no doubt of it." "When you speak of the extraordinary crops, you speak of other people's land, not your own?" "It does not apply so much to the light soils as to the clay soils in our county." "What do you consider to have been the increase in the average yield upon the clay soils in your county?" "I consider upon those clay soils twenty bushels an acre to be the average in general, and I think for the last year they averaged at least thirty." "You consider there was an increase of ten bushels an acre?" "At least that."

Mr. John Ellis, Beaumont Lays, near Leicester, with reference to the crops of the three years ending 1835, said, "I

never knew three years together so abundant since I have been a farmer, and I have been a farmer twenty-five years." "Is it to the great productiveness of the crop that you mainly ascribe the low prices of wheat?" "It is to the great productiveness of the crop, and to the great increase of quantities sown the last three years."

Mr. James Fison, Thetford, Norfolk, maltster, corn and seed merchant, examined. "Have the crops of wheat the last three years been greater than average crops?" "Decidedly so. I am inclined to estimate the crops of wheat of the last three years at nearly equal to four average years, taking into consideration all circumstances in connection with the crop; for instance, the great increase in the number of acres sown; secondly, the great increase of the produce per acre; and, thirdly, the superior quality of the grain."

Mr. Robert Hope, at Fanton Barnes, near Haddington, occupier of 520 Scotch, or about 650 English acres. "What has been the state of your crops the last three or four years?" "We have had very good crops the last four years?" "Good crops of wheat, or of every description?" "Generally speaking, all the crops have been good; but of the wheat every crop the last four years has been fully above an average crop." "When did you take this farm?" "I succeeded my father. I have been there since I was very young; since the year 1801." "Then you can say confidently that the crops of the last four years have been considerably more than the average of the preceding years?" "Decidedly superior." "Can you state what was the average of the three preceding years?" "The last four years my wheat crop has averaged 607 quarters, exclusive of the seed; it is about 657 quarters of wheat, upon 145 Scotch acres, that is, upon 175 English acres." "What was the average of the four years preceding?" "For the four years, 1828, 1829, 1830, and 1831, my wheat averaged, upon the same quantity of land, about 385 quarters." "Has that very considerable increase beyond the average arisen from the favourable nature of the seasons, or from the improvement of the farm?" "Chiefly from the favourable seasons; the improvement has had its effect in a small degree, but chiefly from the favourable seasons for the growth of wheat."

That, however, which, independent of the evidence as to seasons, may be considered quite decisive of the fact of superabundance of the produce of wheat, is the circumstance that, not only did the yield of it suffice for the consumption of the country, without the aid of a foreign supply beyond the insignificant quantity which was entered for consumption, at a high duty, in 1832, but that

it left a very large, an unusually large surplus, at the harvest of 1836. Now, it has been a received opinion, sanctioned as we have seen by the report of the agricultural committee of 1833, that in average seasons we did not grow enough for our own consumption ; and many persons acted upon that opinion, farmers as well as importers, who took for granted that two, or at the utmost three, and certainly not four years could elapse, without the necessity of a foreign supply, which necessity could not be felt without raising the price above 60s. It required, therefore, according to the received computations, a series of more than average crops, to have carried us on to the harvest of 1836, without any surplus. But we had a large surplus, the proof of which is not only in the evidence before the agricultural committee of the House of Commons, which is not indeed precise or conclusive, but in the decisive fact, that the new wheat of the crop of 1836 having been in great part in damp condition, and unfit for use without a large admixture of old, the markets were largely supplied, those in the north almost wholly so, during some months after the harvest of 1836, by wheats of the three preceding harvests. And this great surplus remained, not after a consumption diminished, as has on some former and somewhat similar occasions been asserted, by a stagnant or declining state of trade, or by a general state of distress, but after a consumption which is acknowledged to have been upon a scale of extraordinary magnitude.

The consumption of wheat in 1835 was not only on an increased scale for human food, in consequence of the more general employment, at full wages, of the population, more especially of the manufacturing population, and in consequence also of the *comparatively* high price of potatoes, and of oatmeal, and barley meal, and of animal food ; but it was likewise greatly increased, by having served

for cattle feeding and pig feeding, and for malting and distilling. All this enormous extra consumption told so little in abatement of the excess of supply, that the pressure on the markets, and the fall of prices, were not arrested till grounds of doubt arose, not as to the magnitude of the existing stock, but as to the prospects of the ensuing season. The extra consumption of wheat, so notorious in 1834 and 1835, was in part occasioned by some degree of deficiency of the crops of barley and oats, and beans and peas; and among the amusing exhibitions of reasoning in the examinations by the agricultural committees, not the least so is the constant attempt to shew that the relatively high prices of barley and oats were the effects of deficiency of produce, and not of sufficiency of currency, while the low price of wheat was not the effect of a more than sufficient produce, but of a less than sufficient currency. No doubt the spring crops were more or less deficient; and if it had not been for the superabundance of wheat, which was so largely substituted in consumption for them, the prices of spring corn would have been still higher. As, on the other hand, had it not been for the deficiency of the spring crops, the price of wheat, low as it was, would have been still lower. It is, moreover, to be observed, that the casual deficiency, and relatively high price of spring corn, not only increased the consumption of wheat, and so far improved the value of it, but it had the effect of inducing, at the close of 1835, a diminished sowing of wheat to be substituted by an extended breadth allotted to barley and oats, the impression of which diminished sowing of wheat was the first occasion of the tendency to an advance of price at the commencement of 1836.

Of the great fall in the price of wheat, it has thus been seen how fully the whole is accounted for by the excess of supply, relatively to a greatly

increased consumption ; while there exists a complete negative of the perfectly gratuitous hypothesis of an action of the currency, in causing that depression, or any part of it. For, as to the amount of the circulation, the Bank issues underwent hardly any perceptible alteration between the close of 1831 and that of 1835, while the circulation of the joint-stock banks was greatly increased, coincidently with the continued fall in the price of wheat, of nearly 20s. the quarter, from the close of December, 1832, till February, 1836 ; and it will be seen, that coincidently with the great fall which has here been noticed in the price of wheat, to the close of 1835, there had been a great and progressive extension of trade and manufactures, and a rise in the price of several descriptions of produce, of which the consumption had outrun the supply, large as that had been.

SECTION 2.— *State of Trade and Manufactures, and Prices of Commodities, from the Commencement of 1833 to the Close of 1835.*

In the closing remarks on the state of markets and prices (exclusive of those of corn), at the termination of the last epoch, occasion was taken to observe, that after a period of some continuance of declining prices, the final subsidence was usually the precursor of a sound and healthy, and generally progressive, state of improvement. This remark is exemplified in a striking manner, by a view of the state of things at the commencement of the period now under consideration. The means of exhibiting this view in the clearest and fullest light, is afforded by the unwearied efforts of the partisans of the currency doctrine, to bring before the public what they conceive to be the proofs and illustrations of their theory.

A committee of the House of Commons had been, as we have already had occasion to observe, appointed early in the session of 1833; to enquire into the causes, with a view to the remedy, of the alleged agricultural distress. And as the allegations of distress and the claims for a remedy, were founded on the circumstance of a considerable fall of the prices of corn within only the preceding six months, after a comparatively high range during the preceding four years, a *prima facie* case clearly existed in a still greater degree for the allegation of distress among the trading, manufacturing, and mining and shipping interests, and for the consequent claims of those interests to the attention and assistance of parliament. In all these great branches of industry, the fall of prices had been much greater, and of much longer continuance; indeed, in most of them, the fall had been in full progress while the prices of corn had been rising; and there were necessarily individual cases of great loss, and consequent distress, among some of the producers and holders of the articles which had experienced so great a fall. There was, therefore, an unanswerable argument, furnished by the concession of a committee to consider of agricultural distress, for the appointment also of a committee to enquire into the state of manufactures, commerce, and shipping; and a select committee was accordingly appointed for that purpose, on the 3d May, 1833.

Now, what was the tenour of the information resulting from the examinations of this committee? Instead of general distress in the trading community, bordering on universal insolvency, which might be inferred from the statements of the movers for the committee in the House of Commons, it came out, on evidence the most unquestionable, that the trade and manufactures of the country were in a remarkably sound and healthy

state ; that they were carried on with adequate capital and reasonable returns ; and that there was a general confidence in the prospect of improving markets for all the great staple articles, both of export and import.

The first witness examined by the committee, 14th May, 1833, was Mr. Samuel Gurney, who, from his very extensive connections and dealings in money, both in London and some of the great provincial towns, has means beyond those of almost any other individual of judging of the general state of commerce and manufactures, while his intelligence and clear good sense, and absence of any peculiar bias, qualify him in a peculiar manner for forming just conclusions from the extensive range of information which his business daily places before him. The following are a few extracts of his evidence : —

“ Will you have the goodness to state to the committee what, from your observation, you consider to be the condition of the trading interests ? ”

“ From what appears at this time, I think the trading interest is in a sound state, and moderately prosperous in most directions.”

“ Do you speak of their present condition, as compared with former periods ? ”

“ Yes, I speak of their present condition, as compared with previous periods ; we have had times of equal, if not greater prosperity, certainly.”

“ What test would you take as a fair evidence of the prosperity of which you speak ? ”

“ Remarkably few failures ; a very great number of bills of exchange, rather small in their character, yet the aggregate well kept up, coupled at the same time with great supplies of money from almost every part of the kingdom. I should add, as another feature, the great regularity with which such bills are paid.”

“ Do you think the last twelvemonth, as compared with any twelvemonth not affected by peculiar circumstances, is rather more than one of ordinary prosperity ? ”

“ I consider it may truly be termed one of wholesome prosperity.”

“ Should you say that the particular feature, at the present moment, is a disinclination to invest capital, or a tendency towards speculation ? ”

"My own apprehension is, that there is a willingness to enter into commercial and trading transactions, and that the tendency of our present state is rather towards excitement, and a gradual advance of price, which will ultimately tend to a reverse to a certain degree."

"Is there, then, a good prospect of return for capital, if embarked in trade?"

"I think that capital, generally speaking, does make a fair return."

"Have you observed, with respect to the present time, that the disposition of capital is to seek permanent investment, as much as in former times; or rather temporary investment, and for short periods?"

"I think there is a vast deal of money for permanent investment, as well as for temporary investment."

"Is there not less tendency, now, to borrow, and a greater tendency to lend, wherever good security can be obtained, than formerly?"

"There is: I remember the time when the procuring money, upon excellent mortgages, was very difficult, even at 5 per cent. It is now difficult to get money well invested on mortgage at even 4 per cent. I remember the time when it was extremely difficult to get capital to carry on any business, whether manufacturing or commercial; but at this time there is no difficulty, provided that the parties that require it have a good concern, that renders such advance prudent."

"You confine those observations to the loan of money, and you do not apply them to the purchasing power of money; that is to say, to the use of money only, and not to the ownership of money as principal?"

"I speak of the comparative facility at the present day, as compared with former periods, in procuring capital for permanent investment either in trade or mortgage."

"Are you of opinion that, as matter of interest, money is now cheaper than formerly?"

"It is."

"You are aware that the ownership or purchase of money is one thing, and the loan or use of money is another?"

"I am aware of it."

"Would it not therefore follow, that if there were a state of low prices which render trade very precarious in its profits, that state of things must have a tendency to determine a great proportion of the general money of the country into the interest market?"

"When trade and commercial transactions are very precarious, such is the tendency; but it is the cause * of the abun-

* There is in this part of the sentence an obvious inaccuracy

dance of money which exists in the present day. There is a reduction of profit, but also a reduction of risk ; such reduction of profit, in my opinion, arises from the great mass of individuals possessing trading intelligence and moderate capitals ; it is in my judgment the result of our health and general well-doing, rather than the contrary."

After a great deal more of valuable evidence tending to the same effect, the following is the concluding part of his examination : —

"Of course you know the Royal Exchange, and many of the merchants who assemble there?"

"I know most of the merchants in the city of London."

"Do you think that there are as great a number of merchants there in the habit of meeting daily as during the war?"

"I think there are."

"Do you think they possess upon the average as much wealth as they did during the war?"

"My opinion is, that they possess more. I think we have rather a greater number of merchants, and possessed of more property : I cannot apply it to individual cases, but taking the aggregate. I think there is more property."

"Do you think there are a smaller number of very wealthy merchants?"

"I think there are perhaps a smaller number of very wealthy merchants than there were during the war. I think the effect of the war was to create a few merchants of very great wealth." *

in the printing of what must have been the tenour of the answer. The question involved the supposition that it was wholly owing to the precariousness of trade, that is, the great risks attending it, which occasioned the low interest of money. Mr. Gurney's answer clearly imports, that although such *might be* the effect of precariousness of trade, it was the abundance of money, and the smallness of the risk, which, in the actual state of things, caused the low rate of interest.

* This part of the examination of Mr. Gurney has a reference apparently to the following passage of the speech of Mr. M. Attwood, on his moving for the appointment of a committee to inquire into the distressed state of the commerce, and manufactures, and shipping of the country :— "It has been said, that a correct notion of the state of the mercantile interest of England may be obtained by observing the number and character of the merchants who assemble on the Royal Exchange of London. Now, I affirm, in the presence of persons connected with the mercantile interest, that there is not one third of the opulence to be found amongst the merchants assembling on that great mart of commerce which was to be seen there fifteen years ago. If this fact be not denied — and I do not expect that it

The next witness examined was Mr. Lewis Lloyd, the eminent banker (and head of the firm of Jones, Lloyd, and Co.), whose great experience and intelligence, and whose extensive connections with the commercial interests of the metropolis, and with the manufacturing interests of Lancashire, and other parts of the country, enable him to derive his conclusions from a very wide range of observation, and entitle him to be considered as of the highest authority on the points in question. The following are a few extracts from his evidence : —

“ Are you a banker in London ? ”

“ I am.”

“ You are at the same time a banker at Manchester ? ”

“ I am.”

“ From the extensive nature of your business, you are acquainted with the general condition of trade in the metropolis, and in that great manufacturing district.”

“ I am not a manufacturer nor a merchant. I am a mere dealer in money, and I only judge from the receipts and payments that come under my observation ; those are certainly to a considerable extent, and give me some insight into the state of trade generally.”

“ Will you state to the committee, from the observations you have been enabled to make, what you consider to be the present condition of trade, as compared with former periods ; whether you consider it at present in a sound or in an unhealthy state ? ”

“ I never knew it at any former period in so sound and healthy a state as it is at present.”

“ Will you state to the committee what you consider as the evidence of that state ? ”

“ There is an absence of speculation ; there is a regular demand fully adequate to the supply ; there is no accumulation of stocks on hand, and yet no forced means are resorted to for the purpose of disposing of those stocks ; and I think that the bills of exchange in circulation are upon sound transactions of business, and of a more healthy character than I ever knew before.”

will be — let me ask why we are to wait a little longer for the return of prosperity. The mercantile interest has waited, year after year, in expectation that the House would adopt measures to remedy the distress which has diminished their wealth by two thirds.” April, 1832. (*Parliamentary Mirror*, p. 1360.).

"Have you any reason to believe that there is any want of accommodation to be found by those parties who wish to engage in any trade, upon good security?"

"None whatever; money is so abundant, that the only difficulty is in finding employment for it. No man with a good security in his hand can be at a loss to get money now; in fact, we are glad to get applications for money upon any thing like a reasonable security."

"Do you consider that the applications that are made to you are generally based upon more sound transactions than formerly?"

"Yes; prices are moderate; but the risk is reduced to very little; profits are small, but risks are proportionably small; and I think trade is also in an unusually sound and healthy state."

And, after a great deal of intermediate evidence, instructive by the clear statement of interesting facts and opinions elicited from the witness, and amusing by the evident degree in which his answers disconcerted the theories of some of the questioners, the examination concludes with the following questions and answers:—

"Do you think the general capital of the country measured in money has increased since the war?"

"Yes."

"Do you think that the manufacturers and merchants of this country can now sell their goods for as much money as they could during the war?"

"I believe if they were weighed at this moment, that they are now richer than they were during the war."

"Do you think that it is owing to their increase in number, or that they are individually richer than they were during the war?"

"I am speaking of them collectively as the mass of trading interest of the country."

"Do you think that in the cotton trade the command of money possessed by the persons engaged in it is as great as it was ten years ago?"

"It is greater."

"You were asked whether, being a banker, you were as well able to judge of the condition of the manufacturers of Lancashire, as those manufacturers themselves: although a manufacturer is more conversant with the state of his own business, is not a banker more likely than any manufacturer to draw a just conclusion as to the general state of the commerce of the district with which he is connected?"

"The produce of the trade generally finds its way into the

hands of the bankers, and they have the means of judging of the state of trade in that way ; all the means I have had from that way lead me to the conclusion that the trade of the country is in a sound and prosperous state."

" And your observation extends over the receipts and payments of a large number of manufacturers of different kinds ? "

" It does."

" When you spoke of the increase of the capital of the country, you did not refer to the circulating medium only, but to all kinds of property, such as warehouses, buildings, merchandise, and all descriptions of property ? "

" All descriptions of property put together."

Mr. James Cook, of the house of Trueman and Cook, whose transactions as brokers in the sale and purchase of colonial and other produce, for account of parties both in London and in the great provincial towns, are more extensive, I believe, than those of any other firm in the kingdom, gave in the course of his examination some very important details, illustrative of his statements of the great activity and general tendency to improvement of the various branches of trade and manufactures with which he was practically conversant.

Mr. Joshua Bates, of the house of Baring, Brothers, and Co., Mr. Larpent, Mr. Gabriel Shaw, Mr. Kirkman Finlay, besides numerous other witnesses, eminent in their respective lines of business, who were examined by that committee, concurred in bearing testimony, illustrated by striking facts, to the generally sound, healthy, active, and improving state of trade and manufactures in the spring of 1833.

Against this mass of evidence, proving irresistibly the very reverse of the case upon the hypothesis of which the committee had been appointed, the chief witnesses who gave evidence in support of the allegations of distress were persons in the iron and in the brass foundry trade, and in some particular branches of manufacture, and in the shipping trade. Of the iron trade we have had occasion to observe, that the depression was extreme at the

close of 1832, and it may readily be admitted that the interests engaged in that business must have been suffering from the fall of prices. But as the fall had been clearly the effect of a supply outrunning an increasing demand, the legitimate remedy had been applied of a reduction of the supply, and the prices were consequently advancing, and the distress disappearing in the spring of 1833. Of the few other witnesses in particular branches of manufacture, the evidence was chiefly of the inadequateness of the returns in their own business, but affording no presumption of means of observation of the general state of even their own peculiar branch of industry.

As to the shipowners, their evidence went to throw overboard the currency theory, referring the whole of their alleged depression to the reciprocity acts. But the further and continued extension of British shipping, proves incontestibly that the statements purporting to show that the business of shipowning had constantly since the war been carried on at a loss, must have been, as indeed there would be no difficulty of showing, were it not that it would lead beyond the limits of the present discussion, that they were and are, perfectly fallacious.

And while the trade and manufactures of the country were thus shown to have been in a sound and prosperous state, the condition of the working population was manifestly improved, compared with any former period, that of 1821 and 1822 perhaps excepted. It has already been seen, by the admission of the agricultural report of 1833, that the condition of the labourers in husbandry was better than in the period of high prices. And the evidence supplied both by the Report on Commerce and Manufactures, already quoted, and by the extensive information on the state of the manufacturing population, contained in the reports of the Factory Commissioners, prove beyond question

that, with the exception, important indeed and lamentable, of the hand-loom weavers, the working classes were generally employed at wages which had experienced little reduction, and in some instances none, from the period of comparative dearth, so that by the great fall of prices they were enabled to command a much larger proportion of food and other necessities.

Among other proofs to the same effect, is the following statement, which was given in to the committee : —

“ Particulars of Fine Cotton Spinners’ Wages at different Periods, spinning No. 180. and No. 200. — (From the Wages-Book of Thomas Houldsworth, Manchester.)

Years.	Work turned off by one Spinner per Week.		Wages per Week.			Hours of Work per Week.	Prices from Greenwich Hospital Records.		Quantities which a Week's Net Earnings would purchase.	
	Lbs.	Nos.	Gross.	Piecers.	Net.		Flour per Sack.	Flesh per lb.	Lbs. of Flour.	Lbs. of Flesh.
1804	12	180	s. c'	s. d.	s. d.	74	s. d.	d. d.		
	12	180	60	27 6	32 6	74	83	6 to 7	117	62½
”	9	200	67 6	31	36 6	74	83	6 to 7	124	73
1814	18	180	72	27 6	44 6	74	70 6	8	175	67
”	13½	200	90	30	60	74	70 6	8	239	90
1833	22½	180	54 8	21	33 8	69	45	6	210	67
”	19	200	65 3	22 6	42 9	69	45	6	267	85

“ The sack of flour is taken at 280 lbs.

“ The above is an average of several men's work at different periods.”

The reasons for dwelling on the evidence of a sound and healthful state of trade and manufactures, and upon the improved condition of the working-classes at the commencement of 1833, are,

In the first place, to shew the distortion of view by which alone, under the influence of the currency doctrine, it was possible that the state of things, as it actually existed, could have been so perverted into the supposition of the very opposite of that state, as to have given rise to representations of the

prevalence of manufacturing and commercial distress; representations so eloquently urged as to have induced the Legislature to appoint a committee to inquire into the alleged distressed state of commerce and manufactures, and shipping. The result of the evidence brought before the committee was such, that if a report had been made, it must have been in the direct negative of the allegations to inquire into which the committee had been appointed. But the party in the committee adverse to such a conclusion, had influence enough to prevent the promulgation of it, and accordingly no report beyond that of conveying the evidence to the House was made.

The reason, in the next place, for dwelling on this evidence is, to direct attention to the similarity, in several points of view, of the state of trade and manufactures, at the close of 1832 and the commencement of 1833, with that which existed at the close of 1822 and the commencement of 1823. There was the same complaint of the great fall and low range of prices in 1822 and the early part of 1823. There had been the same effect of low prices in greatly extending the consumption, insomuch that the stocks of goods on hand were experiencing a progressive reduction. In the early part of 1833, there was, as there had been in the spring of 1823, a speculative advance in the prices of colonial produce, which advance not having been responded to by the state of markets abroad, was not maintained. That partial rise of prices had, in each case, the effect of restoring the balance of supply, and was followed by a further interval of low prices; the consequence of which was, that the consumption again was extended, so as to produce a still more marked reduction of stocks in the course of the two following years. It is not to be supposed that the process was strictly analogous at the two periods. All that is to be observed is, that

there was some resemblance of the general circumstances of manufactures and commerce, each of the great leading articles being of course more under the influence of its own peculiarities. It is only however as regards trade and manufactures, that the resemblance holds at all. In the prices of provisions the difference between the two periods is great and striking.

With the exception of the speculative rise of colonial produce in the spring and summer of 1833, there was no very marked feature of general excitement or depression, in the markets for goods, through the remainder of that and of the following year. The main feature of those years was, that while the prices of provisions were falling, in consequence of the abundance of the harvest outrunning the utmost increase, great as that was, of the consumption, such was the extension of the demand for the great staple articles of manufacture both for the home and foreign trade, that large beyond precedent as had been the importations of cotton, silk, flax, and wool, the stocks of these raw materials in the hands of the dealers and manufacturers, instead of accumulating, were undergoing a progressive reduction.

Among the greater number of the manufacturers, the orders on hand exceeded what could be executed within the time prescribed. New mills were in the course of being constructed, but could not come into operation fast enough to meet the great and increasing demand for wrought goods.

And while this great activity was observable in the manufacturing districts, there arose a very brisk demand for the products of the mines. The greatest advance of price was in the article of Lead. Copper and Tin likewise experienced a considerable improvement. But the advance in Iron was the most important, as embracing the largest amount of

capital, and giving next to coals the greatest employment to labour.

But although the prices of raw materials, including the metals, experienced more or less of improvement in that interval, there was no such excitement in the markets for goods as entailed any thing like an apparent wildness of speculation. The advance of prices was, in hardly any instance that can be pointed out, greater than was fully warranted, on fair mercantile grounds of reasoning, by the reduction of stock. Nor were goods to any extent held speculatively. The immense arrivals, for instance, of Cotton, were sold and delivered to the manufacturers as fast as they came to hand. Such likewise was the case with Silk, and most other of the raw materials.

This state of things led naturally to the inference that the causes of the extension of demand were in such progressively increasing operation, that the ordinary sources of production, at the existing cost, would be inadequate to keep up the required supply. The lamentations about over-production, which had prevailed in the epoch last under notice, had now been replaced by apprehensions of insufficient production. Accordingly there was a general feeling of confidence in an eventual higher range of prices than had recently prevailed; and engagements were entered into for extended importations, whether by orders for purchases abroad, or by advances on consignments. The arrangements with this view were in either case attended with the lodging of credits to an unusual amount. And not only were credits to an unusual amount granted to shippers hither, as well as to importers from hence, but they were also granted to several of the banking establishments abroad, in consideration of the commissions to be charged. The funds for those enlarged credits were in part sup-

plied by outward shipments, and the increased demand hence arising contributed to the activity which was observable in all the principal branches of manufacture. But of those increased exports, a large proportion appears to have been on credit given by the shippers from this country to the importers abroad, and to those chiefly in the United States of America.

The principal houses engaged in those enlarged operations were known to be possessed of great wealth, and were supposed to have resources for the utmost business that they could be induced to undertake. This persuasion, on the part of the public, combined with the great facilities of the money market, afforded the most unbounded *means*, while the prospect of the markets for goods held out every *inducement*, for granting credits to any extent that might be claimed by parties abroad, who were considered by the agents of the houses in question as in any way entitled to confidence. The ulterior results of the great enlargement of the credits granted from this country will be noticed when we come to the consideration of the state of things in the two following years, namely, 1836 and 1837, when those results were developed.

In the mean time, with the exception of the partial unsoundness (which was afterwards discovered) connected with the undue enlargement of credit in some particular branches, the trade of the country may be considered to have been in a healthy and progressively prosperous state down to the close of 1835.

At the same time, the manufacturing and mining interests were experiencing a degree and extent of prosperity perfectly unparalleled. In the cotton, and silk, and woollen manufactories, and in the iron and other founderies, while the prices of the raw materials were abundantly supplied at only

a moderate rise of prices, the demand for wrought goods was such, that instead of working speculatively, a large proportion of the manufacturers had orders on hand to the utmost extent of their existing powers of machinery to supply; and it was said that, in many instances, orders were declined, unless much more than the usual time were allowed for the execution of them.

The mining interests, which had been excessively depressed in the epoch last under notice, by a great reduction of the prices of the metals, in consequence of the supply outrunning an increasing demand, were, in the interval now under consideration, deriving the benefit of the opposite state. Those of the metals, which had before been most depressed, were now experiencing the most decided improvement, namely, lead and iron. Of the former, the supply had fallen off by the diminished produce from the Spanish mines, while the general demand for the article was increasing. There are no accurate statistical accounts of the production of iron, but, according to general statements, and the evidence before the committee on manufactures and commerce in 1833, there is reason to suppose that there had been a considerable number of furnaces put out of blast between 1828 and 1833*; and while the supply had thus been diminished, the consumption was increased, more especially by the extension of railway undertakings which were then in progress in America, as well as in this country. There was, in consequence, a steady demand, at gradually improving prices, coincidently with an increasing supply by the restoration of the furnaces that had been put out of blast, and by the erection of new ones, with the application of improved machinery. The increase of supply was,

* See evidence of Samuel Walker, Esq., page 574. of the *Report of the Committee on Manufactures, Commerce, and Shipping, in 1833.*

however, insufficient to meet the great increase of demand ; and the price, which had improved very slowly till nearly the close of 1835, thenceforward, and for many months after, experienced a very considerable further advance.

The extraordinary activity which prevailed in the manufacturing and mining districts, was necessarily accompanied by a very extensive and general employment of the working population at full wages. At the same time, the extensive works upon the lines of the great railways which were in progress, served to employ considerable numbers of agricultural labourers, and the earnings, even in money, by the operative classes, were, in some instances, greater than in the periods of the highest prices of provisions. But, while the working classes were thus extensively employed at full wages, the prices of food and other necessaries had been progressively falling, and were, at the close of 1835, lower than they had been since the middle of last century. The increased means of expenditure, thus enjoyed by the bulk of the population, were shown in the progressive increase of the revenue.

All the indications here enumerated, of the extension of trade, and of the prosperous state of the manufacturing and mining interests, and of the general employment of the working population at full wages, were more signally displayed during the spring of 1836. But the reasons for stopping to consider the state of things at the close of 1835, are the following : —

1. Down to this time, the trade of the country, although in progress of considerable extension, exhibited no signs of undue excitement ; and prices of commodities, although in many instances at advanced rates, were not in any striking instance under the influence of speculation. Nothing, therefore, thus far, could lead to the inference of

an undue enlargement of the circulation, as operating on the state of trade or of prices.

2. The extension of trade, the general but not speculative improvement of the prices of commodities, the undoubted and substantial prosperity of the manufacturing and mining interests, the general employment of the working classes at full wages, and the increase of the revenue, accompanied a great fall of the prices of provisions, but more especially of the price of wheat, which was lower at the close of 1835 than it had been in the last seventy years; thus furnishing a fresh and decisive negative of the often repeated, but perfectly unfounded assertion, put forth by parties interested in the corn monopoly, that high prices of agricultural produce tend to increased demand for other productions, and to extended employment and higher wages to the working population.

3. The increased consumption of food, resulting from the general employment of the working population at full wages, had no sensible influence in arresting the fall of the prices of corn, and much less any effect in raising them, which it ought to have done, according to the theory whereby the variations of the prices of corn are accounted for by the more or less employment, and consequent consumption, of the labouring classes.

Before proceeding to consider the state of prices, and the circumstances connected with them, as they occurred in the two next and the closing years of the series to which this historical sketch has been devoted, it may be requisite to observe, that in the interval from 1833 to the close of 1835, there was a considerable extension of the system of joint-stock banking. Some, too, of the most considerable of the railway undertakings had come into operation, and were exciting general attention, and some degree of speculation. The only instance, however, of violent excitement, in the three years

which have here passed under consideration, was in the foreign stock exchange, where, in the spring and summer of 1835, the market for Spanish bonds underwent extraordinary fluctuations, and caused ruinous losses to many individuals.

SECTION 3.—*Prices of Agricultural Produce in 1836 and 1837.*

The lowest point of depression of the markets for wheat throughout the country had occurred in the last week of December, 1835, and in the first week of January, 1836, when the average price was 36*s.* for the imperial quarter, equal to 34*s.* 11*d.* for the Winchester quarter; of barley, the average price for the imperial quarter was 27*s.* 10*d.*, and of oats, 18*s.* 8*d.** From this extreme depression there occurred soon afterwards a manifest improvement.

The wheat crop of 1835 was generally admitted to have been inferior in produce as well as in quality to the crops of the three preceding years. The extra consumption, from the application of wheat to malting and distilling, and to cattle-feeding and pig-feeding, was supposed to have materially reduced the large surplus from former years. It appeared moreover, by the concurrent testimony of nearly all the witnesses who were examined by the parliamentary committees on agriculture in 1836, that much less wheat had been sown in the autumn of 1835, than in the immediately preceding years. The greater part of the witnesses stated the short sowing to be to the extent of from one fifth to one fourth. It was likewise stated by the most extensive of the occupiers of land, and the most eminently practical, that the appearances of the growing

* The meat markets had been at their lowest at the close of 1834, when the quotations at Smithfield were 2*s.* 6*d.* to 3*s.* 6*d.* per stone for both beef and mutton.

crops were extremely unfavourable. Opinions to the same effect were prevalent in Mark Lane, and in the corn trade generally. And it was clear from the falling off of supplies, compared with the former season, that the farmers generally participated in these opinions.

Under the influence of such opinions, whether well or ill founded, promulgated by such authorities, a rise of prices was inevitable, and they advanced accordingly, with the aid of dry and very severely cold weather in the progress of the spring, to an average of 50s. 4d. for the imperial quarter of wheat, in May, and to 51s. 1d. in the first week of June. But seasonable rains came on in the early part of June, and the weather from that time till the harvest was favourable to the growing crops; and, as the harvest approached, it became manifest that they had not sustained any essential injury. The markets therefore declined; and as the harvest-time in the home counties was favourable, so that the wheats were mostly secured by the third week in August, in fair condition, and reported favourably of as to yield, prices gave way, and ranged at about 47s. to 48s. for some weeks. But the further fall, which seemed otherwise inevitable, was arrested by the very unfavourable accounts of the weather, and of the state of the crops, in the northern division of the island.

The weather, which had been rather unsettled through July, in this part of the country, had been very wet and cold in the north of England and in Scotland; and the first three weeks of August, which in the southern counties had been almost uninterruptedly dry, though cold, had, in the northern counties, been attended with heavy rains. These continued to prevail there, with a very ungenial temperature, and occasionally a change to snow, till the close of the year. The crops, which were all exposed to that inclement weather, were remarkably backward; some never ripened at all, and none, or next to

none, were secured in such a state as to be fit for early use, independently of reported deficiency of quantity. The consequence was, a great demand for shipments from London, and from the eastern counties, to Yorkshire and Scotland. And this demand coming upon a diminished surplus from former years, while the new crop was not generally fit for immediate use, even in the most favoured districts, at the same time that the produce, although considered to be an average quantity per acre, was supposed to be deficient from a diminished number of acres under cultivation for wheat, had the effect of rallying and raising the markets, inso-much that, in the course of the autumn, the average price of wheat reached 61s. 9d. ; and as the accounts from the United States of America represented the corn crops there as having failed to such an extent that large supplies would be required from Europe, a considerable demand for bonded wheat arose upon the double ground of shipments to America, and of the prospect of a low duty in this country before the ensuing harvest. This demand for corn from Europe to America, and the consequent rise of the price for what was in bond in this country, was among the minor considerations which contributed to the advance of the price of free wheat, because it narrowed the prospective supply in the event which was then thought probable of the ports becoming open at a low duty.

The rise of the corn markets to the height which they reached in November and December, 1836, being an advance of no less than 70 per cent. upon the prices in December, 1835, is the more remarkable, inasmuch as it occurred coincidently with a state of commercial discredit *, and of great

* The Agricultural and Commercial Bank in Ireland stopped payment in November, 1836; and the difficulties of the Northern and Central Bank in Manchester were at the same time becoming a matter of notoriety.

pressure on the money market. The rise too, occurring as it did so soon after harvest, and before any pressure from actual scarcity could be felt, exhibits in this, as in other instances, the predominant force of opinion over any immediate influence of the circulation. It may, indeed, be said, that such was the force of opinion in favour of a rise in December, 1836, that if the spirit of speculation had not been repressed by the very contracted state of the circulation, prices might, and would probably, have experienced a further advance of from 10s. to 12s. the quarter. This, from the disposition which then prevailed to think well of the grounds for a considerable rise, is not at all improbable. Supposing then the state of the money market to have been as favourable as it was adverse to speculation, and that prices had in consequence risen to that extent, a quantity of foreign wheat and flour, not much short of a million of quarters, would have been let in for home consumption. And as the stock of our own growth proved to be beyond expectation, and fully equal to the consumption till after the following harvest, the addition to that stock would have operated in a considerable depression of markets, and instead of a decline of from 5s. to 6s. the quarter, which occurred before the harvest of 1837, the fall would most likely have been 15s. or 16s. the quarter. The inference therefore is, that, if it had not been for the pressure on the money market at the close of 1836, the prices of corn would have been in 1837 lower than they have proved to be.

The autumn of 1836 was in all parts of Great Britain and in Ireland very wet, so that, independently of injury to the outstanding crops, all farming operations, with a view to the following season, were very much delayed, and in many instances imperfectly performed. In the northern districts, much land, it was said, that had been intended for

winter wheat, was of necessity left over for spring sowing. The winter of 1836-7 began with the appearance of considerable rigour. On the last days of October there occurred a fall of snow, which was remarkably heavy for the season, attended with rather a sharp frost; and the latter part of December, 1836, was rendered memorable by a fall of snow exceeding in its effects, in obstructing the communication by the roads with the metropolis, any thing that had been known for many years before. More snow fell on those two occasions, in the early part of the winter of 1836-7, than had fallen collectively in the four preceding winters. A frost of some severity, which had accompanied the fall of snow at the close of December, 1836, broke up in the first week of January, 1837; after which, the winter, although cold and raw, and unhealthy (for it was then that a very extensive influenza prevailed), was not marked by any severity of frost, or any further fall of snow of any consequence. The spring was ungenial, and the crops were so very backward, that it was generally supposed that the harvest would be later by three or four weeks than that of the preceding year, which had not been particularly early.

The corn markets, which after the close of 1836, when the yield of the crops was found to be larger than had been supposed, had given way, in the winter, and in the early part of the spring of 1837, to 53s., experienced a rally as the spring advanced; and in the first fortnight of June the average price of wheat rose to 56s. 5d.* The comparatively high range and rising tendency of the corn markets in

* The weekly Gazette averages were,

			s.	d.
May	19.	-	53	4
—	26.	-	54	4
June	2.	-	56	2
—	9.	-	56	4
—	16.	-	56	5

the early part of June, 1837, is the more to be remarked, because *it was coincident with the greatest pressure on the money market, and the most critical period of commercial discredit, of the whole interval from the close of 1835 to that of 1837.* But after the first fortnight of June the weather became highly propitious to the progress of vegetation, and so continued till the harvest, which proved to be much forwarder than had been anticipated, the reaping of wheat having become general throughout the southern and midland counties in the second week of August. The weather, during the progress of the harvest, was unsettled; and in the latter part of August, and the first few days of September, there were heavy rains, which gave rise to some apprehension for the fate of the outstanding crops, of which there was a considerable proportion in Essex, and others of the great corn-growing counties. The weekly average price of wheat rose in consequence, *notwithstanding the contraction of the circulation, to 60s. 1d.* But the weather thenceforth improved, and became generally fine, so as to admit of securing the latter part of the harvest, even in the northern counties, in tolerable order.

This favourable change had the usual influence on the markets, which thenceforward gave way; and, as it became certain that the duty on the admission of foreign wheat was about to rise from the rate to which it had previously fallen, namely, 28s. 8d., a good deal of what was in bond, or had recently arrived, was entered for home consumption. The whole quantity so entered was about 150,000 quarters. This entry of foreign wheat, at so high a duty, was not because the importation could afford that duty, but because the holders, having been disappointed in their speculation on a much lower duty, were content to submit to a heavy loss, in the alternative of having the wheat

wholly shut out from a market, for an indefinite length of time. It is to be observed that this admission of foreign wheat did not occur till a great part of the harvest had been secured; it was not therefore wanted, unless in as far as the yield of the last crop may be found to be insufficient to meet the demands upon it till next harvest. The reason for particular notice of this circumstance is, that this, with a trifling exception, is the only entry of foreign wheat since 1831*, and that this extraneous supply was not required to make up for any deficiency of stocks of our own growth till the harvest of 1837 had become available.

The fact, therefore, is in full evidence, that during six successive years the produce of the United Kingdom has sufficed for the consumption, greatly increased as that has been; whereas in the four immediately preceding years a quantity little short of six millions of quarters had been required to make up for the deficiency of our own produce, to meet a consumption necessarily somewhat reduced by the high price, as it has since been increased by the low price; thus proving incontestably the large scale of difference of productiveness, in different series of years, and the insignificance compared with it of any possible difference in the consumption in the equal series.†

* The only exception being that of a small quantity, viz. 165,872 quarters, entered after the harvest of 1832, under circumstances similar to those here noticed.

† It may here be remarked, with reference to the influence of the seasons on the productiveness of the crops of corn, that the experience of the results of the harvests from 1832 to 1837, both inclusive, falsifies the very commonly prevailing notion of the peculiarly fertilising effects of snow, inasmuch as the five winters preceding that of 1836–7 were distinguished by an extraordinary absence of snow, and yet they were followed by five very abundant wheat crops. And if the spring crops were not in some of those years equally abundant, it was not for want of snow during the previous winter, but for want of rain in the summer.

SECTION 4. — *State of Markets for Produce other than those of Agricultural Produce, in the Years 1836 and 1837.*

We have had occasion to remark that, till nearly the close of 1835, there was rather a slow and steady improvement of markets, and of trade generally, than any extraordinary activity or much of the spirit of speculation in goods.

In the early part of 1836, it having appeared, by the usual returns at the close of the year, that the stocks of some articles had been reduced below the ordinary rate of consumption, a tendency to a speculative demand for them became perceptible, but not in any very marked degree. The articles that came more immediately under this description were cotton, indigo, sugars, and silks; and an advance, greater or less, took place in each of these at different times till the summer of 1836. But, although in each of these articles there was a brisk demand, and consequent rise of markets, it was remarked at the time, that as the demand was chiefly by the trade, and for immediate manufacture or export, and that as the advance did not appear to be greater than according to fair reasoning on mercantile grounds was perfectly legitimate, it could not with propriety be characterised as speculation or overtrading. And it must be admitted, that there was nothing of the extravagance of purchases, by persons out of the trade, which had marked some former memorable periods of speculations in goods. *

* The following are notices in some of the printed circulars of the state of markets in the early part of 1836.

"Cotton. The stocks in the ports at the close of 1835 being barely equal to three months' consumption, and prices moderate, the markets opened at the commencement of the year with a good demand, and a great deal of fluctuation was experienced, which continued until April, when prices attained their highest, at which period, bowed Georgia had advanced 1½d. to

So low were the stocks of these articles, and so confident the persuasion that they were not more

2*d.* per lb. ; Surat and other East India sorts, $\frac{1}{2}$ *d.* to 1*d.* per lb. ; and Brazil and Egyptian in a still greater proportion."

"Indigo. The very reduced stock at the end of 1835, the comparatively low price of the article, the large deliveries, and the shortness of the crop in India, attracted, early in the year, the attention of the trade. Prices advanced in the January sale, and kept progressively rising in the two following sales, especially in July, when considerable purchases were made on speculation for foreign account: the advance was then 1*s.* 6*d.* to 1*s.* 9*d.* on the prices at the end of 1835."

"Sugar, in the opening of the year, continued to maintain the favourable opinion it had acquired in 1835, and several circumstances combined to produce further improvement in its value. The stocks, both here and on the Continent, were very much reduced, and an idea still prevailed that the production of our West India colonies would go on decreasing under the new system of working. There had likewise been a positive failure of the crop in Louisiana, which caused the Americans to speculate at home, as also to be large purchasers at the place of growth; even from Europe shipments were made to the United States for their account. These operations, and a good demand for consumption on the Continent, caused much activity at advancing prices up to June, 1836."

Silks were among the articles of which the consumption, down to the close of 1835, had in the greatest degree outrun the supplies; and of some descriptions there was an almost total exhaustion of stock. The markets, therefore, in the early part of 1836, were in a very animated state, and prices appear to have reached their greatest elevation at the close of March of that year. As the prices then attained were scarcity prices, it was natural that the approach of fresh arrivals should occasion a decline of prices; but, with intervals of slight depression, the markets continued for some time to be very buoyant, notwithstanding an increasing pressure for money, and a rising rate of discount. The following are extracts from an eminent broker's circulars respecting this article:—

"23d June, 1836. The East India Company's sale is just concluded. Bengal silk, both there and at the public sales before the Company's, sold steadily at an advance of 5 to 7 $\frac{1}{2}$ per cent. upon the sales of February, which is equal to the highest prices that were obtained during the excitement in March." "30th July, 1836. Our letter of 23d inst. reported the result of the East India Company's and public sales. The market for China silk, relieved by the large quantity taken off by speculators and consumers, soon began to rally, and an advance of from 7 $\frac{1}{2}$ to

than sufficient to meet the consumption at advanced prices, before the arrival of fresh supplies, that, although public attention had been roused early in the spring, to what appeared to be an undue elevation, and consequently precarious state of markets, there seemed to be no corresponding distrust among the parties immediately interested. And it was not till the arrival, or the certain approach, of fresh

to 10 per cent. was the result, considerable parcels being sold as the prices were improving." "31st August, 1836. Our market continued during the early part of the month in an inactive state with prices firm: the consumption was, however, proceeding to a considerable extent, although the trade were not disposed to purchase in anticipation. For the last fortnight business has been more current. In Bengal silks, nearly the whole of the arrivals have found buyers, with several parcels of Company's silks of former sales that were held by speculators. In Turkey silk comparatively little has been done. Prices remain about the same. The importations of Italian silk are limited, and the prices high; but the stock was so completely exhausted that the arrivals have been taken off at about 5 per cent. above previous rates."

It was not till the 30th September, 1836, that the writers of the circulars respecting this article discovered that a depression of the prices, which however to this time had been only such as might fairly be attributed to the growing increase of supplies, was to be ascribed to the pressure on the money markets. And it was not till nearly the close of 1836, when the failure of a firm that were considerable holders of silk, and the growing embarrassments of a house which had operated largely in the article, and which stopped payment in January, 1837, that the article underwent such a serious decline as could fairly be considered to have been caused by the state of discredit, or by pressure on the money market.

It has been requisite to give these details, in order to show that there had existed fair mercantile grounds for the rise in the markets, and the comparatively high range of prices of the above-mentioned articles, till an advanced period of 1836. And in the case of each of those articles it admits of being shown that in and after the summer of that year there was such an increase of the supplies as must necessarily have reduced prices, even if no particular pressure had existed in the money market, although of course that pressure aggravated the effects of the increased supplies, more especially in as far as they were imported or held upon credit.

supplies, either larger than had been estimated, or in a greater proportion than the consumption or export was found to take off, that the markets gave way. Even when the fresh arrivals were taking place, the decline was not rapid; nor in any instance, till nearly the close of 1836, does the fall of prices appear to have been under the influence of any particular pressure beyond that which the mere difference of supply would warrant. But whenever a fall of prices since 1819 has taken place, if there happens to have been coincidently any actual or supposed reduction of the amount of the circulation, such is the prevalence of the currency theory, that the proceedings of the Bank are usually referred to as the moving cause of the alteration of prices. Thus, the money crisis, as it is called, of the latter part of 1836 is, in most of the circulars of that period, assumed to have been the cause of the fall of prices in those instances in which a fall did occur, while in the instances of the large classes of articles which experienced either no fall, or none worth mentioning, and some indeed of the most important of which had coincidently risen in price, the more peculiar circumstances affecting them are held to be sufficient to account for their not coming under the influence of the currency.

There was, in fact, nothing like an extreme or general depression of prices during the severest pressure of the money market, before the end of November, 1836. The greatest fall that occurred in that year was in the article of tea. But it is well known that the importation was on a scale of unprecedented magnitude, and that the forcing off of the East India Company's remaining stock, in competition with individual importations, combined with the operation of the duty, must have led inevitably to a great depression under any circumstances of the money market. Thus, in one of the very circulars in which the sudden

contraction of the Bank of England issues, in the summer of 1836, is assumed to have been the principal, if not the sole cause of the fall of prices, is the following account of the state of the tea trade in 1836 : —

“In the early part of the year the public sales went off with some animation, and prices were well sustained. About May extensive arrivals took place, which were immediately brought on the market to an extent beyond the wants of the trade : the East India Company continued also to force off their remaining stock. Prices have in consequence been further depressed. The payment of so large a sum as about 1,250,000*l.* duty on Bohea, at 1*s.* 6*d.* per lb., anticipating nearly two years' consumption, has also tended to weaken the means of supporting the market.”

Here surely is reason enough for the depression, without calling in the aid of the money market, although of course an increased rate of interest, and a difficulty of discounting, might serve as an aggravating cause. With respect to sugars, cotton and silk, and in a smaller degree flax, the prices, having been raised by temporary scarcity, with perhaps some exaggeration of demand, naturally fell in consequence of the cessation of the scarcity, and the fall would of course be aggravated by the state of the money market ; but the difficulty of allowing much influence to this cause is, that in the articles of cotton and silk, more especially the former, being particularly connected with the incipient state of discredit, the fall of prices, until late in the autumn of 1836, was inconsiderable, compared with the previous rise.

The following articles, embracing the largest amount of value, experienced no fall, and the greater proportion actually rose in price coincidently with the pressure on the money market till the close of 1836.

—Corn, meat, butter, Irish provisions and bacon, oil, tallow, hemp, iron, copper, dye-woods, rum, besides many minor articles, were as high in No-

vember, 1836, as in the spring of that year, and the greater part of them higher. And, inasmuch as those that had fallen were in no degree more depressed than the difference of actual or approaching fresh supplies warranted, the inference that such fall was directly caused by the state of the money market in the summer and autumn of 1836 is not legitimately drawn.

So prevalent is the theory of the paramount influence of the currency, that most of the writers of commercial price-currents and circulars are infected by it. The following concluding observations in a price-current, published at the close of 1836, exhibits a specimen of the sort of reasoning alluded to ; and the whimsical part is, that in giving a succinct account of the variations of each of the articles, the decline of those which fell in price after the spring and summer of 1836 is rationally explained by circumstances quite independent of the state of the money market.

“ The commercial transactions of the past year require very little comment, the events being so fully developed as they occurred. The beginning of 1836 was, without exception, one uninterrupted season of prosperity : commerce, manufactures, and agriculture were extended ; railroads, mines, and shares of every kind were purchased with avidity ; and money was so abundant that bankers and capitalists were offering to discount bills at 2 and 3 per cent. per annum. Notwithstanding the great temptation held out to our merchants, traders, and manufacturers, there was only a partial speculation ; sugar and silk were acted on to some extent, and iron and other metals to carry out the various contemplated railroads.

“ Suddenly, however, the Bank of England drew in their issues, in consequence of the run upon them for gold for America, and the joint-stock and other banks were brought into collision by these means. The consequence of the scarcity of money, and the difficulty of obtaining discounts on mercantile bills at from 5 to 7 per cent., was speedily felt in the commercial world, and coffee, sugar, cotton, silk, metals, rum, timber, and other articles became exceedingly dull of sale, and prices rapidly declined. Other articles, equally important, have maintained the advance, and in some cases are higher at the present moment than before the restriction on money matters took place. The

articles we allude to are, corn, hemp, tallow, oil, ashes, dye-woods, indigo, and rum. On a close attention to the causes that produced the rise in prices in the latter articles, it will be found that certain local and collateral circumstances were the real cause of the enhancement (such as the partial failure of crop, and shortness of stocks), which the state of the money market could not prevent, though it would be difficult to surmise the extent to which prices might have been driven up, had not the difficulties of money affairs been thrown in the way. On the whole, however, it would appear that the conduct of the Bank of England, whilst it might be judicious as regards that monopoly, has been attended with circumstances of great danger to the commerce of this country; for the suddenness of the measures adopted by the Bank, and the immense influence it possesses, are sufficient to swamp any commercial and manufacturing community, however careful and judicious such community may have acted."

The reasoning here is exactly that of the currency doctrine; the articles that fell in price are supposed to have been exclusively under the influence of the contraction of the Bank issues, which, by the way, had not then been contracted in any degree worth mentioning; while those articles that had not fallen, or were rising, are stated to have been under the influence of local or peculiar circumstances.

It was not till nearly the close of 1836 that there was any serious fall in the prices of those articles which had experienced the greatest advance in the early part of the year; and, although there were sufficient causes in the state of supply relatively to the consumption for the tendency to dulness and decline in the case of most of the articles, there cannot be a doubt but that the notoriety of the growing difficulties of the American houses, combined with some recent failures in the silk trade, and in the East India trade, and the increasing pressure on the money market, operated greatly in adding to the depression which might otherwise have prevailed. The greatest degree of depression occurred in the interval between December, 1836, and the commencement of June,

1837, when three of the principal houses in the American trade suspended their payments, besides three or four other firms of less note, but of great respectability. The state of markets, at that precise period, for those articles which were more or less connected with the branches of trade in which those houses were engaged, would naturally be most affected. In the instance of cotton more especially, there was an unusually large importation at hand, under circumstances which rendered it certain that a considerable proportion of it must be immediately forced upon the market.

In the silk trade some forced sales were made, in consequence of the failure, a few weeks before, of a house which had been mainly instrumental in raising the price beyond the degree which the shortness of supply had warranted; and this circumstance would naturally, when combined with the state of the money market, entail an extreme degree of depression. In the two important articles, accordingly, of cotton and silk, there was, at different times, in the spring and summer of 1837, and for particular descriptions, a fall of no less than 50 per cent.

The other articles that experienced a marked decline, during the period which has been characterised as one of panic, were sugars, indigo, and iron. But these had previously been raised by an exaggerated demand, and the fall of price was not to so low a level as that from which they had risen.

With these exceptions, there was nothing like an extraordinary fall of prices that can in any way be traced to the difficulties of the money market, or to the discredit which prevailed in the trade with America, and partially in the East India trade; and the markets for agricultural produce were so far from being depressed by the state of

discredit prevailing at that time in the branches of trade alluded to, that prices in Mark Lane were actually rising, as we have seen, in the early part of June, and reached an average of 60s. per quarter for wheat.

In some instances, on former occasions of extensive overtrading, the manufacturers had participated in the speculation, so far as to overstock themselves with the raw material at high prices, and to be liable to severe loss upon the subsequent fall. Accordingly, in several memorable instances recorded of commercial revulsion, the manufacturers figured largely among the failures of those times. But in the recent instance the manufacturers of cotton and silk seem to have been particularly on their guard, and so distrustful of the high prices that they bought only what was strictly necessary to keep their mills from an absolute stand. Indeed, the same may be said of the manufacturers generally, the only exception that I am aware of, on an extensive scale, being those of Dundee, among whom there were very numerous failures in the course of the past year.

After the clearance which was effected of the excessive and unsound part of the circulation by the consequences of the great failures, chiefly in the American trade, which occurred in the first week of June, 1837, and when the prices of those articles which had been raised by an exaggerated demand had fallen as much below their due level as they had before been raised above it, the confidence of buyers was restored: there was consequently a considerable revival of demand in the latter part of 1837, and the trade and manufactures of the country, reduced, as they necessarily have been, from the swollen dimensions which they had attained by exaggerated anticipations and an undue extension of credit, appear to

be in a sound, although necessarily (as following a period of overtrading) in a comparatively stagnant and dull state.

The revenue has experienced a falling off in the past year (1837), as compared with the preceding. But, independently of the operation of the tea duties, there is reason to believe that the revenue of the preceding year was an *inflated* one. It is quite clear that a period of speculation must be attended with an increase of revenue; for, not to mention the operation of overtrading, in increased imports and exports in 1835 and 1836, on some branches of the revenue, it may be observed that, when prices have been rising for some time, the tendency to anticipation of a further advance, in other words to speculation, extends itself to retail dealers, who, under such circumstances, are induced to enlarge their stock. This causes entries for consumption, and consequent payment of duties, in the expectation of a continuance of the *increasing ratio* of demand. Such was probably the case in 1835 and 1836. When, however, the event proves that the demand for actual consumption does not equal the exaggerated expectation, the dealers are disposed to run off their old stock before they make fresh purchases; and the difference between a disposition and an indisposition on the part of dealers, as well retail as wholesale, and of manufacturers, to get into stock, — or, in other words, the difference between an anticipation and a postponement of demand is very great, not only upon prices, but also upon the revenue.

SECTION 5. — *Joint-stock Banks, and other Joint-stock Companies, and the Speculations in the Shares of these from 1833 to 1837.*

The effects of the joint-stock banks upon the amount and value of the currency will be matter of distinct consideration when we come to examine the state of the circulation at the close of the present chapter. They are here only noticed as among the modes of adventurous investment of capital in which the spirit of speculation displayed itself in a very considerable degree towards the latter part of the period now under examination.

The formation of joint-stock banks, consequent upon the removal of some of the exclusive privileges of the Bank of England, had proceeded to some extent before the close of 1835 ; but it was not till towards the close of that year, and in the spring of 1836, that the progress of the system, not only by the number of new establishments, but by the multiplication of branches, and by the extent of their operations in the way of re-discount through the money dealers in London, attracted public attention. They had by that time also become the occasion of the display of a spirit of speculation strongly directed to that mode of investment. The premiums to which all, or nearly all, the banks formed or projected up to that time had attained, while by the sales of reserved shares they extended the capital, and credit, and connections of the existing establishments, contributed powerfully to stimulate the formation and projection of new ones. And so strong was the spirit of enterprise directed to this mode of adventure, that, notwithstanding the alarm which had been sounded by the notice drawn to it in the House of Commons, on occasion of Mr. Clay's motion for a committee to inquire into the system, the form-

ation and projection of new banks proceeded for some time after, not only with unabated but with increased activity.

The objects of speculative investment which, at that time, next to joint-stock banks, occupied the largest portion of public attention, were the numerous undertakings for railway communication.

When the great lines from London to Birmingham*, and from Birmingham to Liverpool, were first projected, and for some time after, while the bills for the formation of the companies were still pending before parliament, public opinion had not been decided in their favour, and the shares did not command a premium; indeed, the shares in the former were, in some instances, sold at a discount

* The date of the earliest meeting in London, with a view to the formation of the London and Birmingham railway, was in the autumn of 1830; but the Act of Parliament for incorporating the company was not passed till May, 1833.

In the gigantic undertaking of the great line of Railway from London to Birmingham, and from Birmingham to Liverpool, by far the larger part of the subscriptions, and eventually of the capital embarked, has been supplied from Lancashire. It has been computed that the Lancashire proprietors form seven eighths of the whole in amount. This circumstance may be accounted for on two grounds. The one is, the greater knowledge possessed by persons resident in that neighbourhood of the nature of such undertakings, from their having been concerned in, or witnesses of, the progress and successful completion and results of the Liverpool and Manchester line. The other is, that, in consequence of the great and long-continued prosperity of the cotton trade, and the cotton manufactures, there has been an extraordinary accumulation of capital in that district, greatly exceeding the amount that could be profitably re-invested in the same business, great and increasing as that business has been and is. The schemes for railways, therefore, coming within the neighbourhood, and within the sphere of the peculiar knowledge of the persons possessed of such overflowing capitals, presented a most inviting mode of investment, which was eagerly adopted. And the success attending that mode of investment in the principal lines was calculated to excite and extend the inclination for such projects. Liverpool and Manchester therefore have naturally exhibited more of a spirit of speculation in the railway share markets than has prevailed in London.

equal to the expenses supposed to be incurred. But when the successful results of the Liverpool and Manchester line were fully ascertained, and when, with the data supplied by the experience of that line, revised estimates were formed of the probable income, compared with the expenditure, a confident opinion arose among the best-informed persons of great eventual success of the undertaking: the shares, accordingly, in those great companies advanced to a considerable premium.

The profits thus derived and realised, or admitting of being realised, by the subscribers to those undertakings, operated as an extraordinary excitement to this description of adventure. New lines were proposed to intersect almost every part of the kingdom, and there was actually a swarm of railway projects starting up in every direction. The rage for undertakings of this kind was at its height in the spring of 1836, and numerous other projects for public companies were at the same time brought into notice. The most considerable of these were for mining purposes. And several of the projects proceeded on substantial grounds with fair prospects of success, along with many others that were absolutely worthless, and served only for the individual benefit of the projectors. But the good, bad, and indifferent contributed to a general activity in the share markets.*

* Of the extent and extravagance of the spirit of speculation which was displayed in the formation and projection of joint-stock companies, the following description was given by the President of the Board of Trade, Mr. Poulett Thomson, in the House of Commons, in the debate on the budget, 6th May, 1836:—

“It is impossible not to be struck with the spirit of speculation which now exists in the country; but, I believe, that there is a great difference in the state of things and what took place in 1825. The spirit of speculation was then turned to foreign adventure of the most extraordinary description; but, now, speculation is directed to home objects, which, if pushed too far, may be very mischievous; though the consequences may

We have already seen that there existed, coincidently with this excited state of the share markets,

not be quite so mischievous as in 1825. But really, on turning to any newspaper, or any price-current, and observing the advertisements of joint-stock companies upon every possible subject, however unfit to be carried on in the present state of society, every man must be struck with astonishment at the fever which rages at this moment for those speculations. I felt it my duty, some time ago, to direct a register to be kept, taking the names merely from the London and a few country newspapers, of the different joint-stock companies, and of the nominal amount of capital proposed to be embarked in them. The nominal capital to be raised by subscriptions amounts to nearly 200,000,000*l.*, and the number of companies is between 300 400. I am just now reminded of the speculation for making beet-root sugar, but that is a sound speculation compared with some in my list. The first is the British Agricultural Loan Company, with a capital of 2,000,000*l.* I have been furnished with a blank corn note published by this company. Another company is proposed for supplying pure spring water, capital 300,000*l.* Then there are the Patent Steam-paddle Company, with a capital of 30,000*l.* ; the Safety Cabriolet Company, capital 100,000*l.* ; the British and American Intercourse Company, capital 2,000,000*l.* ; the London Whale Fishery Company, capital 600,000*l.* ; and, again, to show the way in which these companies are starting up, for objects either of the most absurd kind, or for objects such as private individuals are perfectly able to accomplish, I find the Liverpool British and Foreign Trading Company, capital 250,000*l.* Now, it is perfectly well known, that it is not at all an unusual thing for an individual in Liverpool to embark 250,000*l.* in foreign trade ; and there are many who have a great deal more engaged in that business. I know that these companies have not their origin only in London. In 1825, London was the great centre of speculation ; but I am afraid that these companies have now their origin in other parts of the country. Reference has been made to a Liverpool paper. I fear that the place I represent (Manchester) can likewise furnish instances of schemes for objects which can never be beneficial to any one, and on which the parties will be only throwing away their money. The fact is, that the greater part of these companies are got up by speculators for the purpose of selling their shares. They bring up their shares to a premium, and then sell them, leaving the unfortunate purchasers, who are foolish enough to vest their money in them, to shift for themselves.

“I have seen, also, with great regret, the extent to which joint-stock banks have sprung up in different parts of the coun-

a very animated state of the markets for some important descriptions of foreign produce, as also for iron and other of the metals, and that the corn markets had experienced a great rise, the price of wheat having advanced nearly 50 per cent. within a few weeks after the close of 1835.

From the concurrence of these causes, the spring of 1836 was attended with the display of a spirit of speculation, and of general excitement, which presented some resemblance to the spring of 1825, although far short of that period in extravagance, and attended with the important difference that, whereas in 1824-5 a considerable part of the speculations ran on investment in foreign loans and foreign mines, those of 1836 were chiefly, if not exclusively, directed to undertakings within the United Kingdom.

But it was quite clear in the spring of 1836, as it had been in 1825, that a considerable part of the speculations in shares could only have admitted of proceeding to the length that they had done by an undue extension of credit, which allowed full scope to the delusive prospects then held out.

Accordingly, those joint-stock companies only which had been established on a solid foundation stood their ground through the difficulties which prevailed in the money market at the close of 1836,

try. I believe, indeed, that great good has arisen from joint-stock banks; but the observations I have made with regard to other companies are equally applicable to many of the joint-stock banks that are springing up in different parts of the country, and the existence of which can only be attended with mischief. I have a prospectus of what is called the English, Irish, and Scotch Joint-stock Bank, with a proposed capital of 3,000,000*l.* in England, 2,000,000*l.* in Ireland, and 2,000,000*l.* in Scotland; and which holds out the greatest possible advantages to the persons engaged in it. The shares, too, are of very small amount. I may mention, on this point, that I have seen some companies with shares as low as 10*l.* The great danger of evil arising from speculations of this kind is obvious."

and in the first six months of 1837, while the greater part fell to a discount, and no small number were finally abandoned.

The markets for goods also, *but for those descriptions only which had risen in consequence of scarcity*, and of the exaggeration of demand usual on such occasions, experienced, as we have seen, between the close of 1836 and the summer of 1837, as the effect of large supplies and of a state of discredit, a considerable fall.

And we have now to see to what extent the state of the circulation could be considered as in the relation of cause and effect, with the fluctuations which have been described in general terms as having occurred in the markets for goods, and for shares, in the period from 1833 to the close of 1837.

SECTION 6. — *State of the Circulation from the Commencement of 1833 to the Close of 1837.*

The statement, to which in the course of this work there has been frequent occasion to refer, of the actual position of the Bank, as to its assets and liabilities, on the last day of February and the last day of August in each year, reached only to August 1832, being the period when the committee on the Bank charter, to whose Report that statement was appended, closed their labours.

The statements which have since been published once a month, according to the condition prescribed on the renewal of the charter, do not give the actual position of the Bank with reference to its liabilities, its securities, and its bullion, at any one time, but only the average of each of these elements, without distinguishing the securities into public and private, for the three months preceding the date of the monthly publication.

These materials, although leaving much to be desired, with a view to forming a judgment of the manner in which the regulation of the issues has been conducted at particular times, and of some of the consequences which directly affect the situation of the Bank, afford at the same time fair grounds for judging of the general management, whether as regards its consistency with the system professed by the directors, or its influence on the money market and on prices.

With such light then as is afforded by these materials, and with such further light as has been thrown upon the subject, by the explanations to which the recent controversy respecting the causes of the late pressure on the money market has given rise, I shall proceed to examine the state of the circulation, with the causes of its variations, and the nature and degree of its influence on the great fluctuations which have been observable in the money market, and in the markets for goods and for shares, in the interval between 1833 and the close of 1837.

After the very considerable reduction which the treasure of the Bank had undergone in the early part of 1832, when, namely, in February, the amount was only 5,293,150*l.* against liabilities amounting to 26,988,880*l.*, while the securities amounted to 24,333,490*l.*, there was a large reflux of the metals for some months following.

By the Gazette return in October, 1833, the average amount of assets and liabilities in the three months preceding had been,

Circulation	-	£19,800,000	Securities	-	£24,200,000
Deposits	-	13,000,000	Bullion	-	10,900,000

the bullion being thus, as nearly as might be, in proportion to one third of the liabilities.

According to the return in January following, there had been in the interval a loss of bullion, on the average of the three months preceding, to the extent of about one million, accompanied by a re-

duction of the circulation by about 1,200,000*l.*, and of the securities by between 600,000*l.* and 700,000*l.*, while the deposits were unvaried. And so far the management leaves nothing to remark upon. But thenceforth a considerable degree of irregularity is observable; a progressive diminution of bullion was going forward, and, coincidently with that drain of the Bank coffers, a progressive augmentation of its securities had been taking place, insomuch that, whereas by the return at the end of September, 1834, the bullion had been reduced by upwards of three millions, as compared with October, 1833, and by upwards of two millions, as compared with January, 1834, the securities had been increased by five millions*, and the circulation by about a million, compared with the latter date. The comparison of the three periods stands thus:—

1833, October.	Circul.	£19,800,000	Secur.	£24,200,000
	Deposits	13,000,000	Bullion	10,900,000
1834, Jan. 7.	Circul.	18,216,000	Secur.	23,576,000
	Deposits	13,100,000	Bullion	9,948,000
Sept. 23.	Circul.	19,126,000	Secur.	28,691,000
	Deposits	14,754,000	Bullion	7,695,000

Here is surely any thing but the regularity of action which might be expected consistently with the professed rule of preserving the securities even, and of allowing the liabilities and the bullion to be acted upon by the public. The drain continued till May, 1835, the return being on the average of the quarter ending,

June 4. 1835.	Circul.	£18,460,000	Secur.	£25,562,000
	Deposits	10,568,000	Bullion	6,150,000

The bullion was, probably, in the interval of the three months included in that return, under six millions. The great reduction of treasure is ex-

* It has been stated that this excess of securities was occasioned by an increase of deficiency bills; but there is an end of the rule if deviations to this extent are to be admitted on the plea of a difference in the nature of the securities.

plained on the part of the Bank by a reference to the effect alleged to have been produced by the loans to the governments of Portugal and Spain.

“These loans were going forward from July, 1833, until towards the end of 1834, when the profits realised upon the daily extending engagements in the foreign stock market engendered a further spirit of speculation in almost every kind of previously neglected South American, Spanish, and Portuguese bonds, causing an enormous advance in all, and in some nearly 100 per cent. In short, until the spring of 1835, hardly a packet arrived from the continent which did not come loaded with every sort of foreign securities for realisation upon our foreign stock market. In reply, it may be stated, that not only the demand for the silver and export of the sovereigns originated and continued during the mania alluded to, but further, that that demand ceased the moment the reaction took place, in May, 1835, when a panic seized the dealers in foreign securities, causing their prices to fall with far greater rapidity than they had risen. In the progress of the contraction, which ensued upon the diminution of the bullion held by the Bank, the market rate of interest gradually advanced for first-rate commercial paper from $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent. per annum, which may be quoted as having been its value in May, 1835. At that time there was no material increase in the paper money circulation of the interior; consequently, immediately upon the discredit taking place, the export of gold ceased, and the foreign exchanges further advanced, bringing back the major part of the gold which had been exported in the preceding eighteen months; thereby clearly showing that the currency was not redundant.” — *Causes and Consequences of the Pressure on the Money Market, from the 1st Oct. 1833, to the 27th Dec. 1836.* pp. 27—29. By J. Horsley Palmer, Esq.

Upon this explanation it is to be remarked, that if, during the interval in which the influence of these foreign stock speculations is supposed to have been in progress, the securities of the Bank had been preserved in tolerable uniformity of amount, and if the liabilities had been reduced in any thing like a fair proportion to the reduction of bullion, and if the stock of bullion which had been lost, as is alleged, in consequence of those speculations, had, upon the reaction and discredit following, flowed back as fast as it had gone out, and that this reflux had taken place without any material re-

duction from the previous enlargement of the securities and liabilities of the Bank, there would have been a *prima facie* case, a fair ground of presumption that the whole or the greater part of the fluctuation of the treasure of the Bank had been caused by these foreign stock operations. But as the drain, in the greater part of its progress, had been accompanied by a great increase of the securities and liabilities, and as the cessation of the drain in May, 1835, had been preceded by a considerable reduction of the securities, and by a still more considerable reduction of the liabilities, and by a rise in the rate of interest attending the contraction, it is impossible to exempt the management of the Bank from being considered as having been itself the main cause both of the drain and of the means of arresting it. The explanation therefore fails of establishing the conclusion proposed of the paramount influence of the foreign stock operations in the partial disturbance of the circulation which had occurred in that interval.*

The drain, it has been observed, was arrested in May, 1835, and it is stated in the extract from the work just quoted, that “immediately upon the discredit taking place, the foreign exchanges further advanced, bringing back the major part of the gold which had been exported in the previous eighteen months.” But it appears by the return of the 20th October following, that the average amount of bullion for the three months preceding was only 6,186,000*l.*, and had not exceeded that amount by more than 140,000*l.* on the average of any of the intermediate returns; it cannot therefore be said, that the major part flowed back imme-

* Mr. Samson Ricardo, in a very able publication entitled “Observations,” &c., has clearly pointed out the inconsistencies involved in the charge against the operations on the foreign stock exchange in 1834, as having been the exclusive cause of the efflux of bullion.

diately upon the discredit in the foreign stock market in May, 1835.

In the autumn of 1835, however, there was a strong tendency of bullion to flow into the Bank ; and if the management had been consistent with the principle which had been professed on the part of the directors, of keeping the securities even, the treasure would have been restored to the amount which it had fallen from since October, 1833, namely, to between ten and eleven millions, consequently to that which had been held out to be a desirable proportion to its liabilities. If such proportion of bullion to the liabilities was ever desirable, it had become more particularly so in the autumn and winter of 1835-6.

Independently of operations on the foreign stock market, which a renewed tendency to a fall in the rate of interest in this country was again exciting to activity, there were two very important circumstances coming into operation, which were calculated in their progress to have a very material bearing on the position of the Bank, and on the value of the currency.

These circumstances were,—

1. The policy announced by the American government of introducing a larger proportion of metallic currency into the circulation of the United States, and of inducing, by an alteration of the mint regulations, an increased proportion of gold to silver.

2. The great extension of the joint-stock banking system in this country, and in Ireland, which in its tendency was likely to surcharge the circulation with paper and credit.

I cannot give a better description of the nature and tendency of these circumstances than is contained in the following passages of the publication last quoted, “ on the causes and consequences of

the late pressure on the money market," pp. 29—33.

"In order to explain the cause and origin of the American demand, it may be proper to advert to the proceedings in America for the two preceding years. The avowed hostility of the president (Jackson) to the renewal of the charter of the Bank of the United States terminated, after a violent struggle, in compelling that institution to prepare for closing all its transactions in 1836, and for repaying that portion of its capital that belonged to government. In order, however, to increase the embarrassment of the Bank, measures were taken for removing from its custody the deposits of public money, and for placing them in the hands of various states banks, under condition that they should be prepared to pay a given portion of all demands upon them in *gold coin*. To facilitate this object, Congress passed a law reducing the quantity of fine gold in the eagle, the equivalent of ten dollars, from 246 to 232 grains. This depreciation of the American gold coin had the effect of raising the current value of the English sovereign from 4.44 dollars to 4.87½, or 8½ per cent. above its previous current value. Simultaneously with and in aid of these measures, several of the states were persuaded to prohibit the circulation of notes of less amount than five dollars. In taking these measures, it was an avowed object, on the part of the president, to endeavour to establish a gold currency, in conjunction with silver, throughout the Union. The hostility evinced towards the Bank of the United States, and the refusal to renew its charter, caused an immediate contraction of the usual accommodation granted at the numerous branches of that establishment, and, further, entailed upon the favoured states banks the necessity of procuring an additional supply of gold to enable them to fulfil the conditions under which they renewed the deposits of government money. This combination of circumstances, having no relation to the ordinary commercial transactions existing between this country and America, materially reduced the rate of exchanges with Europe, so much so as to afford a profit upon the importation both of gold and silver from England and other parts of Europe. The president, too, in order further to aid his favourite project of increasing the metallic currency throughout the states directed, in the early part of last year, his agents in Europe to remit in gold to America the whole of the indemnity money to be received from France and Naples. About the time of that remittance having been made, a loan for a million or 1,200,000*l.* was negotiated in London on account of the United States Bank, to facilitate the settlements upon the expiration of the charter. The effect of that loan upon the currency of this country was further increased by a much larger amount than usual of American securities, or of States' stock, bank and canal

stock, &c., having been sent to Europe for sale, and upon which credit had been given by some of the principal houses in England, in anticipation of the sums they were expected to realise; thus throwing an inordinate amount of American paper upon our markets. If all these circumstances be adverted to, together with the very large amount of produce imported from America, the surprise will be, not that some, but that so small a portion of bullion should have been abstracted from England as that already stated. Since the 1st September last, the demand has entirely ceased; and, notwithstanding the desire of the American president to retain the bullion acquired from this country, it is not improbable that we may soon see it return from that quarter of the world.

“Having thus endeavoured to explain the causes which have operated to reduce the bullion of the Bank during the last three years, it becomes desirable to show why it is that the contraction of the circulation of the Bank has affected private credit more than in 1832, when a similar loss of bullion and contraction of the Bank’s engagements were exhibited. The difference between the two periods appears to have been occasioned by the altered state of private banking in the interior of the country. In the first, there was no particular excitement either in England or Ireland, nor any excess in the issues of provincial paper. In the second, both countries teemed with competition created by the additional establishment as previously stated, within the short space of two years, of not less than seventy-two joint-stock banks in England and Wales, and ten in Ireland, with their innumerable branches in almost every town throughout the two kingdoms. It is needless to attempt to describe the competition that grew out of this excessive multiplication of banks: its effects were exhibited in a great and undue and even rash extension of paper money and credits, accompanied by an unusual reduction in the rate of interest in the interior of both countries, but particularly in Ireland: the commonest observer must have seen the gathering clouds, and dreaded the consequences.”

There was assuredly, in the state of things thus described, a sufficiency of premonitory signals, of unerring indications, that a storm was impending, and that it was incumbent upon those at the helm, which governed the movements of the currency in this country, to take more than ordinary precaution.

For the counteraction of those circumstances, portending danger to its establishment, what was the obvious policy of the Bank? Most clearly to diminish its securities, as a means of effecting some contraction of the circulation, with a twofold view,

namely, first, to abate the tendency of the existing low rate of interest in this country to favour the financial operations whether of the American government or of the United States Bank, or operations generally in foreign stocks, entailing the transmission of capital abroad, and consequently an efflux of bullion; secondly, to restrain the joint-stock banks within due limits.

That the raising the rate of interest in this country in 1835 would have abated the tendency to an efflux of capital, and consequently to the *eventual* demand for gold, there cannot, it is to be presumed, be a question. But it may be, and indeed it has been questioned, whether it was in the power of the Bank to restrain the joint-stock banks, and whether a reduction of the Bank of England circulation would not afford the means to the country banks of extending their circulation, in consequence of the greater demand which might in that case arise for country notes, as the means of affording the accommodation to trade which was denied by the Bank of England. It is possible that for a short time during a small rise in the rate of interest, while confidence was entire, and trade and manufactures flourishing, and opinions in favour of joint-stock companies sanguine, the diminished accommodation granted by the Bank of England might be compensated by an enlargement of that afforded by the country banks. But such counteraction on the part of the country banks could not proceed far, nor last long, under a resolute reduction of its securities by the Bank of England. The reserves of the country banks must be in gold or Bank of England notes: these they would have an increasing difficulty to possess themselves of, the resource of re-discounting in London being greatly curtailed, so that the means of making advances, as well by discounts and by book credits, as by the issue of notes, would

be abridged, and the whole of the country circulation would thus be more or less restrained, with consequently a less eventual tendency to an efflux of bullion. Such at least would have been the probable effects of a reduction by the Bank of its securities, upon the country circulation of notes and credit. And most certainly such a measure would, according to its extent, have counteracted the foreign stock operations, which the directors so much and so fruitlessly reprobate. But not only were the securities of the Bank not reduced under circumstances which so obviously and imperiously enjoined a reduction, but they were actually increased in the three months ending in January, 1836, by no less than five millions beyond the amount in August, 1835. The directors thus repeated the very error committed by the Bank in 1817, and again in 1824, an error, the exact repetition of which was hardly to have been expected under the more enlightened management of the present period. The consequences of that great error have been seen in the uneasy and precarious position experienced by the Bank, and in the great pressure which was so severely felt in the money market for many months afterwards.

What renders the error the more unaccountable and inexcusable is, that no effort, no forcible operation, was required to avoid it. On the contrary, the adoption of that unfortunate course was attended with a considerable effort, inasmuch as it involved a departure from the ordinary rules or routine of the Bank; and it was moreover inconsistent with the principle by which the directors in modern times have professed to be guided. Nay, further, the very circumstances which form the main ground of the justification put forth on the part of the Bank (by those of the directors who are deservedly looked up to for their great knowledge of the

working of the system, and of banking generally), for their departure from the obvious course, were such as admitted of the measures for reducing the securities being taken with more than usual facility, and with the least possible disturbance of the money market, beyond the moderate increase of the rate of interest which every dictate of policy so strongly prescribed. The circumstances here alluded to are the deposits arising out of the loan for the West India compensation in the autumn of 1835, and the money borrowed by the Bank from the East India Company, repayable after a certain time, the Bank allowing a low rate of interest for the same. The mere retention of a part, if not of the whole, of these sums, so opportunely deposited with it, would have constituted the most simple and easy means conceivable of reducing its securities, of somewhat contracting the circulation, of moderately raising the rate of interest, and of replenishing the coffers of the Bank to an amount that might have made its position at once satisfactory and safe.

But it appears to have been considered by the directors that these particular sums might be laid out in productive securities, beyond the amount usually held by the Bank, without violating their professed rule of keeping their securities even.

These monies, so deposited, have, in the publications which have appeared, explanatory of the conduct of the Bank, been designated as *extra deposits*, and as not coming within the same category as the other deposits, nor amenable to the same rule of management; an amount of the securities therefore, equal to the amount of these extra deposits, as they are called, is, in their view of the question, to be taken out of the comparative statement of securities, and the position of the Bank is thus made out to have been consistent with the assumed rule of keeping the securities even.

The grounds of distinction, by which these par-

ticular sums have been designated as extra deposits to be taken out of the recognised rule of management, and the reasons which induced the directors to avail themselves of that assumed distinction in laying out those deposits in securities beyond their usual amount, are stated in the following passage, extracted from Mr. Horsley Palmer's pamphlet before quoted.

"It may here perhaps be as well to explain the nature of what are termed extra deposits, in order to show that they are independent of the regular working of the Bank. They have consisted of money belonging either to government or the East India Company, altogether independent of their ordinary transactions. The first arose out of the contract for the West India loan, upon which a discount was allowed (by government), for prompt payment, higher than the market rate of interest; and as the prompt payments thus made were not required for issue to the West India claimants for several months afterwards, *it became necessary, in order to preserve the currency in the same state as if the payments for the loan had not taken place, and to prevent its undue contraction, to raise the money to the public.** This was done by contract with the money dealers, so as to insure its return to the Bank at the time of the adjustment being made with the claimants by the commissioners. It ought further to be borne in mind, that during the whole period of those loans the foreign exchanges were high, increasing the quantity of gold in the coffers of the Bank to a considerable extent; *a circumstance which would have rendered it quite unjustifiable for the Bank to have permitted a contraction of the currency by the prompt payments on account of the loan, and an advance in the rate of interest to have been thus unnecessarily and forcibly effected to the detriment of the commerce of the country.*

"The second case was that of the East India Company realising their commercial assets to an extent far exceeding their ordinary wants for payment. Upon the commencement of the accumulation, to the extent of 600,000*l.* or 700,000*l.* above their ordinary balances, an application was made to the Bank to ascertain whether it would undertake the risk of lending the money, paying to the Company a given rate of interest; if declined, the Company were prepared to lend it themselves, having received offers from some of the principal money dealers to take

* This and the other passages marked in italics, in this quotation from Mr. Palmer's pamphlet, and in the subsequent quotation from Mr. Norman's, are not so in the original; and they are here thus marked to draw attention to the particular parts of the reasoning, which not only do not bear out the proposed conclusions, but lead to the directly opposite.

it. The question therefore simply was, whether the notes should be paid away by the East India Company or the Bank? *It never could be expected that the Bank should be required to pay a rate of interest for notes or bullion belonging to others merely for the sake of keeping them unemployed; having at the same time no excess beyond the 24½ millions of securities, which the ordinary working deposits and circulation entitled that body to hold. Hence it is evident, that in the first case the Bank was, for the benefit of commerce, required to re-issue the monies received on account of the West India loan; and that in the second, if the Bank had not consented to advance the money, the East India Company would have lent it themselves. The only point therefore was one of management, namely, to keep the currency from undue fluctuation, and to ensure the return of the notes from the market at the periods when the government and the Company required them for issue in the same direction, which was effected to the letter.*"

And Mr. Norman, in a recent publication, entitled, "Remarks on Currency and Banking," containing many clear and just views on the general subject treated of, endeavours, in the following passage, to obviate the objections urged by Mr. Loyd to Mr. Palmer's argument in defence of the increase of amount of securities, and to reconcile that increase with the principles according to which the directors, in their examinations by the Bank Charter Committee, professed to regulate the circulation.

"Mr. Loyd remarks upon the statement as given by Mr. Palmer of securities held by the Bank, that it is an arbitrary mode of making up an account to produce a desired result; implying of course that the securities held against the money belonging to the East India Company, and that paid in on account of the West India loan, and subsequently lent by the Bank, ought to be considered as a portion of the securities, to which the recognised principle of management is applicable, and that consequently the whole or published amount of securities, as being irregular, and often much larger than twenty-four millions, evinced, on the part of the Bank of England, a great deviation from this principle.

"Now it must be recollected that the sum of twenty-four millions was assumed as the proper amount to be held in securities upon a view of an amount of circulation and deposits, of which the deposits in question formed no part, and when their existence was not even contemplated. Owing to the realisation of the Company's commercial assets, its balance very greatly

exceeded the usual amount, and the East India directors naturally determined to make the excess productive. The Bank borrowed and employed this excess for fixed periods, taking care that the money dealers to whom it was lent should be pledged to repayment at the precise moment when the money was wanted by the authorities in Leadenhall Street. It was considered, and surely with reason, that by taking the entire management of this kind of transaction, the Bank would insure the least possible interference with the currency and money market, especially as the India Company is unused to such affairs. Had the Bank taken the money, paid interest for it, and not re-loaned it, for the sake of apparently, but not really, adhering to its principle of management, and the amount of securities originally fixed in accordance with it, viz. twenty-four millions, *a sum amounting sometimes to three or four millions would have been abstracted unnaturally from the currency of the metropolis, to the serious inconvenience of the public.*

“The reasoning applicable to the employment of the Company's money tells with increased force on that derived from the West India loan. Had the Bank determined to hold to the fixed amount of securities in the autumn of 1835, *the consequence would have been that almost the whole currency of the metropolis would have been found within its coffers.* We may be told that this could not have happened; *that the notes would have oozed out* through the discount-office to a greater or less extent, and the amount of securities been pro tanto augmented. This is doubtless true; but would not such a forced action have interfered materially with the natural play of the currency and the ordinary affairs of business? while hardly any inconvenience was felt under the course pursued,* viz. an offer of advances at a rate of interest calculated to call for, and which did indeed call for, nearly the exact amount of the loan, such advances being repayable at the periods when the compensation was to be disbursed to the proprietors of slaves. The whole transaction thus described appears to be creditable to the Bank, rather than deserving of blame; and it seems equally clear that Mr. Palmer was fully justified in omitting all reference to the West

* The notes would not have merely *oozed out*, they would freely have *flowed out*, if the Bank continued its rate of discount at 4 per cent.; while, by keeping its deposits without re-issue, a slight pressure had been kept upon the money market. The probability is, that, in that way, nearly the same amount of circulation might have been preserved, while, by a moderate advance in the rate of interest, some part of the undue extension of credit might have been avoided; and, instead of interfering with the natural play of the currency, it would have preserved it; whereas, the course adopted was a *forced action*, and was among the causes of the disturbance of the natural play of the currency.

India loan, as well as to the India Company's extra deposits, in his statement of securities."

It is with the most unfeigned deference to the high practical authorities on banking matters, by whom the defence of the Bank on this occasion has been put forth, that I feel bound to say that they have, according to the best judgment which I have been able to form, upon a review of the controversy connected with those publications, failed wholly in making out a case of justification, whether according to the principle which has been held out as guiding the Bank, or according to any consistent view of maintaining the convertibility of the paper with the smallest disturbance of the amount and value of the currency.

The classification of deposits, whether they be government deposits, or working deposits, or bankers' deposits, or extra deposits, may be, and doubtless is, convenient, if not absolutely necessary, in enabling the directors to judge of the probable permanence or fluctuation of the amount so deposited, and to make their internal arrangements accordingly. If the entire amount of the deposits were permanent, the whole of the action, as it is called, of the public upon the position of the Bank, would be through the medium of bullion paid in against notes, or of notes claimed against bullion, while the Bank would have an entire control over the amount of its paper beyond that which had its exact equivalent in bullion, through the medium of securities. On the other hand, in proportion as the deposits are of a variable character, will be the power of the public to modify or counteract any effort on the part of the Bank to contract or extend its issues of notes through the medium of securities. But the nature of the deposits, although it may render certain descriptions of securities.*

* The circumstance which both Mr. Palmer and Mr. Norman introduce into their explanation of the grounds on which these

more or less eligible, does not in the slightest degree affect the question of the amount of the securities which the Bank ought, with a reference to the due amount of the circulation and the value of the currency, to hold.

There does not appear to be the shadow of a ground upon which the distinction of the extra deposits, as constituting a *separate fund* for investment in securities, can be maintained. The distinction attempted rests simply and solely upon assertion; there is nothing like an argument offered in support of it that admits of being grappled with; and the assertion, therefore, of the compatibility of the increase of the securities in the autumn of 1835 and winter of 1835-6 with the rule professed by the Bank, can be met only by a denial of any grounds for the distinction by which that compatibility is attempted to be maintained.

But if the distinction were worth any thing, and if those deposits admitted of being applied to an increase of the securities without a violation of the system professed by the Bank, it would be a further and a more important question to consider, whether such application of those deposits was consistent with a view to the public interest, in the maintenance of the circulation in a sound and satisfactory state. If the increase of the securities had been with the avowed object of improving the means of keeping up a dividend for the proprietors, the motive would have been intelligible. But that is not the motive assigned, and there is every

extra deposits, as they are called, were re-issued in the shape of loans to the money dealers, namely, that the repayments were stipulated, and punctually fulfilled, so as to meet the exact periods of the claims of the depositors, has nothing to do with the question of the regulation of the currency as relates to the public. It was a mere question of convenience to the Bank.

reason to give credit to the directors for their having been guided only by a view to the interests of the public. It is at least only on public grounds that the measure of the great augmentation of the securities in 1835-6 has been justified in the publications alluded to. And, strangely enough, some of the very consequences which it was desirable to produce, with a view to a more satisfactory and safe position of the Bank, seeing, as the directors admit they did, the impending dangers to which it was exposed, were precisely those which it is stated distinctly to have been the object of the measure to counteract. The motive expressly assigned for the re-issue of those deposits is, that the retention of them would have caused a contraction of the currency, and a rise of the rate of interest. In this statement of motives, the point in question is assumed by the terms applied. The term *undue* is applied to the contraction which it was one of the professed objects of the re-issue to prevent. And it is asserted that an advance of the rate of interest, which would have been the consequence of a retention of the deposits, would have been *unnecessarily and forcibly effected to the detriment of the commerce of the country*. It is difficult to conceive a greater misapplication of terms; for, upon a full view of the actual and prospective circumstances, "the gathering clouds," as they then presented themselves, the very opposite terms should have been applied. The retention of the deposits would have effected a *due contraction*, and would have caused an advance of the rate of interest, *without an effort, and almost imperceptibly, to the great benefit of the commerce of the country*, which suffered so essentially by the course that was unfortunately adopted.

It seems hardly to admit of a doubt, after all the memorable experience of events in the two years following the autumn of 1835, that a mo-

derate rise of the rate of interest at that time, continued with perhaps a slightly increasing pressure for some months after, would have exercised a very salutary influence, and would greatly have mitigated, although it might not have altogether prevented, the subsequent fluctuations in the money market, and in the state of credit, and in such of the markets for produce as were connected with the state of credit. Such rise in the rate of interest must infallibly, as far as it went, have diminished the facility, consequently the extent, of negotiations of foreign securities, and of the financial arrangements of the banks of the United States, all tending to the efflux of capital from this country. It would also have tended to abate the eagerness which was manifesting itself to adventure in joint-stock banks, one great inducement to which was specifically the low rate of interest. But more especially would a moderate pressure on the money market, caused as it would have been by the absorption of the payments from the West India loan without re-issue, have circumscribed within much narrower limits the power of re-discount by the joint-stock banks, which some of them exercised so mischievously. It is highly probable, too, that an earlier manifestation of a tendency to a pressure for money, which was felt so severely a few months later, would have restrained the extravagance of extent to which credits were granted in America upon this country, and which led, at the close of 1836, and in the first six months of 1837, to so serious a derangement of our commercial intercourse, not only with the United States, but also with British America.

And is it not clear that it was the inevitable tendency of the course unfortunately adopted by the Bank to produce the very opposite effects? Is it not notorious that the money dealers were thus furnished with an unusual command of funds, which enabled them, as they had every inducement, to

discount almost *ad libitum* the vast amount of bills which came to them with the joint-stock bank or other undoubted indorsements? And is it not natural to suppose that the houses in the American trade were, by the extraordinary facility of credit then existing in this country, misled into entering into engagements to an extent that they never could have contemplated, if they had not relied upon a continuance of the same facilities of the money market as prevailed in the latter part of 1835 and the beginning of 1836? As to the statement that the exchanges were high in the winter and spring of 1835-6, increasing the quantity of gold in the coffers of the Bank, the simple answer is, that they were not high enough, and had not continued so long enough, to restore the treasure to the state from which it had fallen in the preceding two years, and to which it ought to have been raised, looking to the liabilities, *attended with such contingencies as required a very full treasure to face them.*

As far as relates to the West India deposits, there may perhaps be supposed to be less difficulty than in the case of the East India loan of coming to the conclusion that the sums so received ought not, under the circumstances described, to have been re-issued.

On the part of the Bank, it is contended that the East India Company was prepared to have lent the money to other parties, if the Bank had not consented to take the amount on loan for a certain time on interest, and that it could not be expected that the Bank should be required to pay interest for notes or bullion belonging to others, merely for the sake of keeping them unemployed. The expectation, however, that the Bank should so have kept them is not quite so unreasonable as seems to be supposed. The question of the propriety of their so doing would depend upon the degree in

which it might be desirable to keep down, or to contract, the circulation, through the medium of the securities; and if, seeing the "gathering clouds," and justly apprehending the consequences, it had then been judged expedient, as a measure of precaution, to contract the circulation, there were no means so ready, and none so little calculated to disturb the money market, as simply not to re-issue the amount of the loan. For, suppose that the East India Company had, without any previous offer to the Bank, lent the money in the market; if the Bank at that time was so situated as to make the contraction of its circulation, by a diminution of its securities, desirable, the opportunity would have been considered favourable for selling exchequer bills, or realising any other securities held by the Bank to the same amount; and still more favourable the opportunity, and more advantageous than any sale of securities, to effect the object, would have been the retention, instead of a re-issue, of the amount of the loan at a low interest from the East India Company.

The whole question of the propriety of that re-issue turns upon the expediency, greater or less, of a contraction of the circulation in contemplation of the extraordinary circumstances which, by the avowal of the directors, were such as to common observers bore a threatening aspect as regarded the eventual position of the Bank.

This question has not been answered on the part of the Bank. The directors seem to have thought it more incumbent upon them to justify their attempt to contract the circulation, by raising the rate of discount in July, 1836, than to account for their not having made the effort at least six months sooner. Thus, in the apology for the Bank before quoted, it is observed, at page 36., with reference to the advance of the rate of interest in the summer of 1836: "Adverting to the excess

of the country issues, and looking to the race running with increased violence in Ireland, as well as England, the Bank was fully justified in arresting the evil which might attend a continuance of the export of bullion from the redundancy of money, by making an advance in the rate of interest in London, and at the branch banks. In fact, the only question about which there can be any difficulty is, whether she ought not to have taken this step somewhat earlier." Most assuredly there can be no difficulty in answering this question, by any one who saw the gathering clouds; and that answer would be, that the step ought to have been taken much earlier. But, it is added, "To have acted in anticipation of events likely to occur, would have been in direct violation of that principle upon which the Bank professed to be guided, and which parliament had tacitly sanctioned. It would, moreover, have established a precedent, and imposed future responsibilities upon the directors, which it is questionable whether they should ever incur, either upon their own account or that of the public." It is, I confess, inconceivable how, seeing as they did "the gathering clouds," their acting in anticipation of the storm by taking the obvious precaution of keeping down their circulation, by a reduction, or at least a limitation of their securities, so as to bring their stock of bullion to a nearer proportion to their liabilities, could be considered as a violation of the principle upon which the Bank professed to be guided. This is as much as to say that they sinned with their eyes open, because *upon principle* they were expected to act as if their eyes had been shut.

But, when the drain on the coffers of the Bank was taking place to an extent and under circumstances which could not leave a doubt as to the urgency of the occasion for taking effectual measures to contract the circulation, so as to stop the drain, the steps taken were totally inadequate

to the object. The advance in the Bank rate of discount to $4\frac{1}{2}$ per cent. in July, 1836, coming so late as it did, and when the circumstances determining the efflux of the metals had acquired such force, had not apparently the slightest effect in reducing the securities or contracting the circulation. Indeed, the securities were considerably, and the circulation in a slight degree, actually increased in the face of a continued drain from evidently deep-seated causes. This will appear on a comparison of the four following monthly returns.

1836.	£		£
June 28. Circulation	17,899,000	}	Securities 27,153,000
Deposits	13,810,000		Bullion 7,362,000
July 26. Circulation	17,940,000	}	Securities 28,315,000
Deposits	14,495,000		Bullion 6,926,000
Aug. 24. Circulation	18,061,000	}	Securities 29,345,000
Deposits	14,796,000		Bullion 6,325,000
Sept. 21. Circulation	18,147,000	}	Securities 29,400,000
Deposits	13,324,000		Bullion 5,719,000

It is utterly impossible by any analysis of the kinds of securities, or of the nature of the deposits, or of the proportion between the London and the branch Bank of England issues, to explain away the glaring inconsistency which the above comparison exhibits between the state of the circulation as it *was* administered, and that which *ought to have been* its state, if it had been administered according to *any* recognised rule for the administration of a convertible paper currency. It is not only at variance with what it would have been, if the circulation had been so regulated, as to expand and contract with the variations of the amount of bullion, but is quite irreconcilable with the principle professed by the Bank directors of keeping their securities even. If they had been so kept, it is clear that a considerable reduction of the liabilities must have been the result, and consequently an earlier pressure on the money market, and a retardation if not a stop to the drain. Even admitting the monstrous assumption, founded upon the distinction of

the deposits, by which an amount of no less than about $4\frac{1}{2}$ millions is gratuitously and arbitrarily deducted from the securities actually held by the Bank, it appears that there was, even after deducting those $4\frac{1}{2}$ millions, an increase of the securities precisely in the interval in which the indications were most urgent for a reduction ; for instance,

28 June, 1836	-	-	£ 22,600,000
27 Sept. —	-	-	24,800,000

I must confess that the more I have endeavoured to understand the explanations on the part of the Bank, the more unintelligible do I find them.

Thus, after the passage already quoted, containing a disclaimer on the part of the directors of being bound to act in anticipation of events, is the following :—

“ The large amount of money deposited at interest with the Bank, by the East India Company, for a limited period, and which was lent to the money dealers in London, afforded considerable facilities for rendering the rise in the rate of interest immediately effective ; the object was not one of profit to the Bank, but to enforce that contraction, and to establish that general rate of interest which, but for the undue increase of the issues of the joint-stock banks and others in England and Ireland, should have followed the export of bullion.”

If the large amount of money deposited at interest with the Bank of England, by the East India Company, had not been lent out by the Bank, I can understand how it would have afforded facilities for rendering the rise in the rate of interest immediately effective ; but how, when lent out again, as it was, it could afford such facilities, is not very intelligible. The following passage is in immediate continuation of that above quoted :—

“ The course thus taken by the Bank was, in the first instance, counteracted by the other issuers of paper money in England, Ireland, and Scotland. The demand for bullion continuing, the Bank fur-

ther advanced the rate of interest in August to 5l. per cent. per annum, which forced additional securities upon many of those country banks that adhered to a lower rate. Their surplus funds in London being soon absorbed, they all eventually adopted the rate of interest established in London. There was, however, an effect created by this act on the part of the Bank far more powerful than the actual advance in the value of money. It was a moral apprehension, in all prudent minds, that there was mischief abroad; and those who had been promoting and applauding the action of the joint-stock banks began to doubt the solidity of the system."

The inferences afforded by this passage form the strongest possible condemnation of the conduct of the Bank prior to the advance of the rate of discount to 5 per cent. in August, 1836. It is quite clear that, if that measure had been adopted as much earlier as it ought to have been, or if some still more cogent measures had been taken, as they might have been, when it was no longer a question of anticipation, but when all the symptoms of a circulation surcharged with paper and credit had become manifest, some part of the subsequent mischief might have been averted. It is expressly stated in the foregoing extract, that, although the course taken by the Bank was counteracted in the first instance by the other issuers of paper money, their funds in London were soon absorbed, and they all eventually adopted the rate of interest established in London; and that, what was of more importance, a moral apprehension was excited by that course, in all prudent minds, that there was mischief abroad. This proves that the Bank had the power of eventually controlling and limiting the country circulation; and it further affords fair grounds of inference, that the Bank, by the opposite course, which it unfortunately adopted in the autumn of 1835, cannot have failed of

facilitating the extension of country paper and credit.

But the advance of the Bank rate to 5 per cent. in August, 1836, although salutary as far as it went, had been too long delayed to be effectual in reducing the securities, thence contracting the circulation, and thus stopping the drain of bullion. The increased applications for discount at the advanced rate would, if they had been complied with to their full extent, have greatly increased the securities and the circulation, and thus have hastened the efflux of bullion. Some accessary measures were adopted by the Bank.* Not only were all bills that were presented, having an indorsement by joint-stock banks of issue, rejected, but a large proportion of the immense amount of bills drawn from America on, and accepted by, several first-rate establishments in this country, were thrown out without any regard to the circumstance that the acceptors were considered to be of the most unquestionable solidity. This proceeding of the Bank in London was followed by an intimation, on the part of its branch bank in Liverpool, that no paper drawn from America on certain houses would be discounted. This intimation, to

* The resource of selling exchequer bills had failed by the fall of the market for these securities to a discount, and a great outcry was raised against the Chancellor of the Exchequer for not having funded some portion of them, but more especially for not raising the rate of interest upon them. One ground of the clamour was, that the Bank, in consequence of not being able to sell exchequer bills, was obliged to limit its accommodation to trade, in the way of discounts, below what it might otherwise have done. The interest on exchequer bills was eventually raised; but it is to be hoped that it was on financial grounds only that it was so raised; for it would be a monstrous and most mischievous doctrine, that as long as the paper currency is administered independently of the direct control of government, the arrangement of the finances should be influenced in the slightest degree, with a view to relieve the banking or mercantile interests from the consequences of overtrading.

which a good deal of publicity was given (accidentally I believe), had considerable effect in extending the feeling of apprehension, and the tendency to commercial discredit, which were already beginning to prevail.

After September, 1836, the state of discredit of some of the most mismanaged of the joint-stock banks, with the apprehension arising from the measures taken by the Bank of England, having had the effect of inducing both the town and the country bankers to increase their reserves, the demand for gold for export appears to have abated, if not wholly to have ceased, and to have given way to an internal demand which kept up the drain of bullion from the Bank, so that the treasure was in a state of progressive diminution.

In November, 1836, the Agricultural and Commercial Bank in Ireland suspended its payments; and at the close of the month the embarrassments of a very considerable joint-stock bank in Manchester, the Northern and Central, established so recently as 1834, with a paid-up capital of about 700,000*l.*, and with about forty branches, had become so pressing as to occasion an application to the Bank of England for assistance, which was granted. If the Bank of England had been in the position in which it ought to have been, namely, with a due proportion of bullion to its liabilities, there is little doubt that its policy would have been, or ought to have been, a refusal of interference. For, whether with a view to the interests of the Bank proprietors, to whom the extension and competition of the joint-stock bank system was most obnoxious, or to the interests of the public who were concerned in repressing some of the mischievous tendencies of that system, the Bank ought not to have interfered; and the only justification of that interference which ought to have any weight has been that it was a measure on the part of the Bank of self-preservation.

The treasure of the Bank being at that time so low, so culpably low, it became a matter of very serious consideration whether, if the Northern and Central Bank were suffered to fall, as it ought to have been, the state of discredit of the country circulation, consequent on that failure, might not have been such as to have created a run for gold, which might speedily exhaust its scanty remaining stock. There is great reason, with the benefit of experience since derived, to doubt whether, if the Northern and Central Bank had been suffered to undergo the penalty which the gross mismanagement of its direction so amply merited, and the benefit of example so strongly required, the Bank of England would have experienced any great additional drain. There had, throughout the pressure on the money market, both in town and country, during the whole period from the summer of 1836 to the autumn of 1837, not been the vestige of any thing like discredit of Bank of England notes; and this being the case, the clause of the Bank Charter Act, rendering Bank of England notes a tender from all but the Bank itself, came beneficially into operation.*

In Ireland, on occasion of the failure of the Agricultural Bank, and of a run upon some of the others, there was a great demand for gold. It was doubted whether the legal tender clause was applicable to that part of the United Kingdom; and if the point had been clear in the affirmative, it is

* It has been supposed by some persons whose opinions possess great weight, that the legal tender clause had been one among other causes, of the undue extension of paper and credit by the country bankers; but I confess that I am quite at a loss to conceive how it could have had the slightest tendency to that effect, while in the critical state of the circulation, in the last six months of 1836, it cannot but on all hands be admitted to have operated exactly in the beneficial way which was contemplated when that provision was inserted in the Bank Charter Act.

probable that there would still have been a demand for gold, although not to the same extent. But in the great majority of the cases of English country banks, whether joint-stock or private, the probability is, that any run upon them, in consequence of the failure of the Northern and Central Bank, would have been attended with more of a demand for Bank of England notes than for gold. In every point of view, therefore, the interference of the Bank was detrimental to the interests both of its proprietors and of the public. The Bank has by that interference done more to increase the competition of the joint-stock banks with itself, and to perpetuate and extend whatever of evil is attached to the system, than any legislative regulations which can be devised are likely to counteract.

The determination of the Bank of England to support the Northern and Central, took place on the 1st of December, 1836. But the pressure on the money market, notwithstanding the publicity of that determination, went on increasing, and yet the drain on the Bank coffers continued, chiefly by a demand for gold in Ireland. Still, with the exception of some failures in London, of no great extent, nor apparently originating in the immediate pressure of the money market, there had been thus far but little of commercial discredit. It was not till the commencement of 1837 that doubts began to prevail of the adequateness of the resources of the principal houses in the American trade, vast as those resources were known to be, to meet the enormous, the extravagant extent of their engagements. In February, the difficulties of those houses had become matter of notoriety, and it became known in the beginning of March that assistance had been applied for and given by the Bank of England to three of the principal establishments in the American trade. On the propriety of that

assistance being granted, on the extent to which it went beyond that which had been contemplated when the application was first made, and on the departure by the Bank from its rules, in the footing on which its advances to these houses were made, I will not enter, as the discussion would involve personal feelings and considerations which I should wish to avoid.

The advances thus made to the Northern and Central Bank, in the first instance, and subsequently to the American houses, had the effect of greatly increasing the amount of the securities held by the Bank. The greatest reduction of treasure had occurred in February, 1837. Thenceforward there appears to have been a slow but progressive influx of bullion. The circulation of the Bank underwent comparatively very little alteration during the remainder of the year. The state of commercial discredit, however, was very great throughout the first six months of 1837. In January there had been a heavy failure in the silk trade. In February and March the difficulties of the American houses were exciting general attention, and a distrust of consequences. And as it appeared, soon after the first assistance had been given, that further and almost indefinite advances on the part of the Bank would be required to carry the houses through their difficulties, a great and increasing anxiety prevailed on the subject among the commercial circles. The accounts from the United States of America, of great and increasing pressure on their money market, which rendered more precarious the prospect of the speedy liquidation of the sums due from thence to the embarrassed houses on this side, added to the gloom and apprehension prevailing here in the spring of that year. By the end of May the embarrassed American houses were again driven to the necessity of applying to the Bank for further assistance; but

not having sufficient security to offer, and the previous advances already amounting to much more than had been contemplated, the application was, after much and anxious deliberation on the part of the directors, finally refused. Upon the final rejection of the application, namely, on the 1st June, 1837, the three great houses to whom the previous assistance had been granted, suspended their payments. These were followed within a few days by other houses, chiefly in the same branch of trade, but on a smaller scale of engagements. The week immediately following the 1st June, 1837, may be considered as that which is designated as the period of panic; and there was more or less of uneasiness and pressure through the remainder of the month. Thenceforward, or very soon after, there was an improved tone of commercial feeling. The great mass of doubtful paper and credit having been removed, or much reduced, the circulation was restored to a healthy state. Markets being no longer supposed to be bolstered by undue credit, became buoyant for those articles which had been most under the influence of the previous discredit; and the general trade of the country had, by the autumn, and in the closing months of 1837, revived to a considerable extent. The influx of gold, since last summer, has been more rapid than the previous efflux; and as only a twelvemonth ago the Bank was encumbered with securities, and drained of its treasure, so it has recently become bare of securities, and its coffers overflowing.

The Bank having scrambled through its difficulties into a position of safety, may naturally claim merit from the event.

There were, however, two circumstances of possible, and not at all improbable occurrence, in the reduced state of the Bank coffers, between the summer of 1836 and the summer of 1837, which might have rendered the position of the Bank still

more critical than it was, and rendered its escape from suspension more doubtful.

One of the contingences alluded to was that of a bad harvest in 1836. If the weather in the south of the kingdom had been as adverse for the securing of the crops as it had been in the north, where the inclemency of the season was little short of that of 1816, the necessity for a large importation of foreign corn, but more especially the exaggerated apprehension of the largeness of the supplies requisite, would have operated powerfully in depressing the exchanges, and consequently in aggravating the other causes of drain on the Bank coffers.

The other contingency was of a still more formidable description, namely, that of the banks in the United States of America having taken all the measures of precaution which were open to them, and which they ought to have availed themselves of, for putting themselves into a position of security, not only against the effects of the President's celebrated specie circular, which was issued in July, 1836, but also against the effects, which must have been obvious to them soon after, of the tendency to a contraction of the currency in this country. The clear and proper course for them to have pursued was resolutely to contract their liabilities; and if they had done so to the requisite extent, the exchanges must have been in such degree and duration against this country as would have gone far towards the exhaustion of the reduced treasure of the Bank of England. To their great discredit they did not adopt measures of due precaution, and we have seen the consequences in their disgraceful suspension. It would be foreign, however, to the purpose of this work, to enter upon the question of the American banking system; the only reason for this incidental reference to it has been to point out how narrow was the escape of the Bank of England, and how much more than to

its own merit in the escape was owing to the demerit of the American banks.

In the question immediately before us, it is requisite, preparatory to entering upon the examination of the connection of the state of the general circulation with prices in the period now under consideration, to bestow a few words upon the degree in which the currency was affected by the issues and credits of the joint-stock and private country banks.

Public attention has been drawn in an especial manner, within these two years, to the great extension which the system of joint-stock banking has experienced, and to the abuse of credit which, in some flagrant instances, has marked its progress.

There has been much of want of knowledge, and of want of principle, and of recklessness of consequences, in the management of some of those establishments, which have acquired an unhappy notoriety; and there has, apparently, been a pervading want of prudence in the regulation of the issues, and in the circulation and re-discount of bills of exchange, and in the credits granted by, perhaps, a majority of them.

As regards the issue of notes, there can be no doubt that it comes distinctly within the province of regulation by the state. With regard to the other functions of the banks, they do not come necessarily within the cognizance of the legislature; but, in as far as they require, for the convenience of management, certain facilities and privileges which can only be conferred by parliament, they become amenable to such restrictions and regulations as, in the view of the public interest, the legislature may think proper to impose as the condition of the privileges conferred. It is very proper therefore, seeing the abuses of credit which have prevailed, that the whole question of the system of joint-stock banking has become the

subject of enquiry by a committee of the House of Commons. That the system has been attended with much abuse, and that it requires correction and regulation, cannot admit of any reasonable doubt; but I am inclined to think that there has been some exaggeration in the charges brought against the joint-stock banks, as to the degree in which they may be supposed to have interfered with the due action of the Bank of England, and to have been mainly instrumental in producing the fluctuations of credit, and of prices, which have occurred within the period now under consideration.

In some instances, the increase of the issues of notes by the joint-stock banks has been held out, by implication, as the measure of the addition made by them to the circulation. But the fact is, that some of the private banks had merged into joint-stock banks. The issues of the private banks, probably from this cause, underwent some diminution, while those of the joint-stock banks were extended; and it is only the aggregate of the issues, by the private as well as the joint-stock banks, that is to be considered in its effects on the value of the currency. In this view there does not appear to be such extravagance of excess in the country circulation as has been charged.

If the joint-stock banks only be taken, the increase would appear to be very considerable: thus,

Dec. 26, 1835	-	-	£2,799,551
June 25, 1836	-	-	3,588,064
Dec. 31, 1836	-	-	4,258,197

being at the rate of 50 per cent. within the twelve-month.

But if the aggregate issues of the joint-stock and private country banks be taken, namely,

Dec. 26, 1835	-	-	£11,134,414
June 25, 1836	-	-	12,202,196
Dec. 31, 1836	-	-	12,011,697

it will appear, that the total increase, at the end of the twelvemonth, was not quite 8 per cent., while, between June and December, there had actually been a diminution. And on what grounds the increase from December, 1835, to June, 1836, can be charged as any very great or blameable excess, is not very clear. The Bank of England itself, during the greater part of the corresponding interval, had been enlarging its securities, and increasing its issues; and the monthly returns indicated no reduction worth mentioning of bullion at the close of the month of May. The exchanges, too, with the Continent of Europe, appeared to be high. Down to June, therefore, which was the earliest period at which the country banks could have notice of any material change in the position of the Bank of England, there was no obvious ground on which they could consider themselves called upon to contract their circulation; supposing even that they had professed themselves to be, and had, in fact, been guided by a view to the position of the Bank of England and the state of the exchanges.

But, in truth, when so called upon, they appear to have attended to the call, inasmuch as in the quarter ending on the 24th September, 1836, they had reduced their issues by nearly 500,000*l.*, while the returns of the Bank of England circulation exhibit no corresponding reduction. Thus, taking the nearest corresponding dates, the comparison of the circulation will stand thus:—

1836. Bank of England.		Country Banks.	
July 2.	£18,315,000	June 25.	£12,202,196
Sept. 22.	18,240,000	Sept. 24.	11,733,945

The Bank circulation, as above stated, is from the Gazette returns; but, in a comparative statement, contained in Mr. Norman's pamphlet, page 77., the average circulation of the Bank is stated to have been,

June 25, 1836	-	-	£17,184,000
Sept. 20, —	-	-	18,147,000

Here, in this most critical period, when a contraction was imperatively enjoined, there is an increase of a million, while the issues of the country banks had experienced a reduction of nearly half a million.

Can there, then, be the shadow of a pretence for the charge, that the issues of the country banks interfered with any efforts by the bank of England to bring within due bounds the total amount of the currency? The sinning party, if there were such, down to this period, was clearly the Bank of England.

There was an increase of the country bank issues at the close of December, 1836, as compared with September preceding, although only to the small amount of between 200,000*l.* and 300,000*l.*, while the issues of the Bank of England had been contracted.

But this increase proves nothing as to any counteraction, by the joint-stock banks, of the efforts of the Bank of England to arrest the drain on its treasure. All demand for bullion for export had ceased, proving that there was no longer any redundancy of the general circulation; while the fact that the country bank issues had been increased, in however trifling a degree, in that period of pressure and of tendency to commercial discredit, proves that, with the exception of the one or two notoriously mismanaged joint-stock banks, and two or three minor private banks, which failed about that time, there was no general discredit, nor any thing like derangement of the country circulation; and it was well for the Bank of England that such was the case, because, if there had been any derangement of the country circulation, approaching in extent that of 1825-6, the drain upon the coffers of the Bank, to supply

the chasm, might, notwithstanding the legal tender clause, have been to such an extent as, with the effects of the superadded alarm, might greatly have increased the difficulties of its position.

There is, therefore, not the semblance of a case made out against the country bank issues of England and Wales, as having thwarted the Bank of England in the regulation of the currency, between December, 1835, and December, 1836.

But both Mr. Palmer and Mr. Norman introduce into the discussion (being, as far as I am aware, the first instance of such a reference) the state of the country circulation of Ireland, as proving the great tendency to excess, and the consequent counteraction to the Bank of England.

Mr. Palmer states, that in Ireland the average in June, 1834, was 1,300,000*l.*, and in June, 1836, was 2,300,000*l.** Now, till June, 1836, there had

* Mr. Norman also remarks upon the extravagance of issues of the Irish joint-stock and private banks, because, comparing the half-years ending June, 1835, and June, 1836, they increased their circulation from 1,713,000*l.* to 2,291,000*l.*, or about 30 per cent. This per-centage sounds very largely, but dwindles to very little if it be confined to the aggregate of the issues in Ireland, as it ought to be, for it would then fall somewhat short of 10 per cent. : thus,

June 27, 1835	-	-	£5,140,000
June 25, 1836	-	-	5,629,000

And if the aggregate increase be taken from the 28th December, 1834, when the total issues were 5,250,000*l.*, the percentage of increase in June, 1836, would be little more than 6 per cent. I mention this because it strikes me that stress has been too exclusively laid upon the amount of issues of notes, whereas the great excess of some of the joint-stock banks, more especially the Agricultural and Commercial Bank, was the undue extent and the objectionable nature of the securities upon which they made advances. That the excess was not so much in the circulation of notes as in the discounts and advances, may be shown, not only by a reference to the enormous amount of these as compared even with its notes, but by the circumstance of the aggregate of notes in circulation in Ireland, including those of the Bank of Ireland, having been increased, as it was at the close of 1836, while the mere credit part of the circulation was then greatly reduced.

been, as I have already had occasion to observe, no sufficient warning by the Gazette returns, nor by any contraction of the Bank of England issues, of any excess in the general circulation. But, why go back to 1834? The whole question, in strictness, turns upon the interval between the autumn of 1835, and that of 1836; for, at the close of 1835, and through the first three months of 1836, the exchanges were rising, and bullion flowing in, and the Bank of England gave so little intimation of apprehension of excess, that it had greatly enlarged its securities, and had actually increased its circulation by upwards of 700,000*l.*: for instance, the quarterly averages were,

Dec. 17, 1835	-	-	£17,321,000
April 5, 1836	-	-	18,063,000

By Mr. Norman's statement, the increase of the Bank of England circulation appears to have been greater: thus,

Dec. 26, 1835	-	-	£16,564,000
March 26, 1836	-	-	17,699,000

At the same time, according to Mr. Norman's statement, the whole increase of the Irish circulation, including that of the Bank of Ireland, had been only,

Dec. 26, 1835	-	-	£5,334,000
June 25, 1836	-	-	5,629,000

This reference, therefore, on the part of the Bank, to the excess of the issues in Ireland, as contributing to disturb the action of the Bank of England, is making mountains of molehills, besides the inconsistency of having enlarged its own issues contemporaneously.

But, although, upon a fair investigation, it does not appear that there was any such excess of the country bank issues of notes either in England, or even in Ireland, as to justify the charge brought against them of having, by those issues, interfered with the due regulation of the cur-

rency by the Bank of England, the joint-stock banks appear to have been instrumental in an undue and mischievous extension of credit, by discounts, and re-discounts, and advances on personal security. At the same time, it is an important fact, with reference to the vast mass of bills of exchange which were the subject of discount and re-discount, with the endorsements of the joint-stock banks, that, in the collapse of credit which has followed the late excessive expansion, there has been so little of failure or discredit, excepting among houses connected with the American trade, and excepting, of course, the two flagrant instances of the Agricultural and Commercial Bank in Ireland, and the Northern and Central Bank in Manchester. It is very probable that, in other instances less flagrant, there may have been much mismanagement, and much loss to the proprietors by bad debts, from the improvidence with which the credits must, in some instances, have been granted. But still there is no doubt of the fact, that no derangement whatever, analogous in kind, or approaching in degree, to that which occurred in 1792-3, 1796, 1810 to 1812, 1814 to 1816, and, lastly, in 1825-6, is chargeable upon the country circulation in 1836-7. And I must here confess that this is a result different from that which I had anticipated in the spring and summer of 1836, when I heard, on all sides, of the immense magnitude of the operations of the joint-stock banks.

That those operations were too extensive to be consistent with a due regard, on the part of the managers, for the interests of their proprietors and the public; that, in short, they participated too much in the spirit of overtrading then prevalent; and, perhaps, in their turn, gave additional impulse to that spirit, cannot, with the experience which we have had, well be questioned. But the comparative exemption from failures, and from con-

sequent disturbance of the circulation, under circumstances so trying as those which occurred a twelvemonth ago, must, in fairness, be admitted to form no slight ground for inference in favour of the system on which the country bank establishments, both private and joint-stock, have been conducted since 1825-6. The private banks seem to have profited by the lesson, and by the purification which they then received; and the joint-stock banks appear, upon the whole, to have justified the policy which led government and the legislature to promote the establishment of them. How far the principle of unlimited responsibility, which (with the exception of the Bank of England and the Bank of Ireland, and two of the chartered banks of Scotland,) pervades the whole of the banking system of this country, may have contributed to the solidity which it has been proved, by the ordeal it has recently passed through, to possess, I will not stop to discuss, because it is not within the immediate scope of this enquiry: I will only on this point observe, that the system, such as it is, stands out in pre-eminently advantageous contrast to the discreditable exhibition of the American banks, with their state charters and limited responsibility.

But whatever may have been the merits or demerits of the system under which the circulation has been regulated, the immediate question for consideration is, how far it exercised an undue influence on prices within the period under examination; by undue influence being meant, its having caused variations of prices greater, and therefore more injurious, than would have occurred under a system in which the regulation of the currency should have been conducted with more regard to any recognised principle than that which has been observed in the management during the last five years.

If the description which has been given of the

state of markets, from the commencement of 1833 to the close of 1835, be referred to, it will be seen that while one large class of articles was falling in price, and was at the commencement of 1836 lower than it had been for many years before, many important articles, chiefly the raw materials of manufactures, which had been most depressed in the preceding epoch, had risen in price. This tendency in opposite directions of classes of articles, constituting probably nearly equal values, forms a *prima facie* presumption that the currency, as regarded its operation on prices, was in a quiescent state. But, independently of that ground of presumption, it has appeared, or admits of being satisfactorily shown, that, in the case of the important classes of produce which fell in price, there was a sufficient cause in the excess of supply beyond the utmost rate of consumption ; while, in every instance of a rise of prices, the advance was (with the exception only of occasional isolated and short-lived speculations, which are incidental to all markets) not more than fairly proportioned, according to the most sober mercantile reasoning, to the reduction of stock which was in progress by a rate of consumption outrunning the ordinary rate of supply.

In fact, the only interval in which there can be any plausible ground for inferring the possibility of a direct influence of the currency on prices, is confined to the first six months of 1836. During that short interval the prices of corn, and of some other articles that had been most depressed, experienced a considerable advance, at the same time that cotton, silk, and other raw materials of manufactures, and the metals, which had before been rising, experienced a still further rise. This state of simultaneously rising markets of the largest proportion of the leading articles of consumption, coincident as it was with an extraordinary spirit of speculation directed to joint-stock companies, has served to

countenance the impression that the markets for produce, as well as the share markets, were under the direct influence of an unduly enlarged circulation. That the circulation was unduly enlarged and redundant, and that the rate of interest was unduly kept down, looking to what was going forward in the United States of America, and in the formation of joint-stock companies in this country, I have already had occasion to observe. And there is reason to believe that this state of the circulation, although it had not excited, yet allowed of a greater extension to the spirit of speculation in shares, than would otherwise perhaps have taken place. But very little if any part of the rise of articles of produce in the spring of 1836 can be referred to the state of the currency, inasmuch as, in the case of every article that had risen, the state and prospects of supply were such as, upon mercantile grounds, in the opinion of the persons best acquainted with the trade, fully justified the rise.* The best proof that the rise was so justified, as regarded the raw materials of manufactures, is, that even at the advanced prices, there was apparently an insufficient check to the consumption, which, at the rate at which the manufacturers were proceeding, threatened a complete exhaustion of stock before the period of fresh arrivals to a sufficient extent. And many of the manufacturers, including those of the metals, had, as has already been noticed, more orders on hand than, in several instances, they could execute in the ordinary time. Of the grounds for the rise in corn an explanation has already been given.

But if the grounds stated for the advance of prices in the spring of 1836 were not so obviously

* Silks may perhaps be considered as an exception, the article having been purchased largely, and held on credit, by one house which failed in January, 1837, and the sale of whose stock contributed, with the forthcoming fresh supplies, to the subsequent depression of the market.

adequate as they are, the presumption against any direct operation of the circulation, and of the low rate of interest, in having produced or maintained that advance of prices, is the strongest possible on another and a perfectly decisive ground. If the state of the currency and the money market had been the originating, or even a considerably co-operating cause of the rise, the change in the money market, and the contraction of the credit part of the circulation, must have had an immediate effect in depressing prices to the level from which they had risen. Whereas from the beginning of July, 1836, when the Bank raised the rate of discount, till nearly the close of the year, being an interval of extraordinary pressure on the money market, and of contraction of credit, there was no great or rapid fall, even of those articles which had attained scarcity prices, and certainly no greater fall than the additional actual and approaching supplies warranted; and none but the articles which had risen in consequence of deficient supplies, or, in other words, of scarcity, and which therefore naturally fell when the deficiency was about being made up, experienced any fall.

Indeed, it must be within the recollection of most mercantile men, as it is distinctly within my own, that in the summer, and till a late period in the autumn of 1836, it was a common topic of remark, accompanied by an expression of surprise, that, seeing the great and increasing pressure on the money market, and the vague apprehension then prevalent of coming mischief, there was so little pressure on the markets for produce, some being actually rising, and that there was thus far so little of commercial discredit or failure. The explanation that then presented itself was, that the stocks of goods on hand were still very moderate, while the demand from the manufacturers was going on at the accustomed rate; and that there

was no ground for commercial discredit, because there had been no such fall of prices as to entail heavy losses. A large proportion, the largest in amount, did not decline at all, while some of the most considerable, corn for instance, rose progressively in price through the whole of the pressure in the money market, from July to December, 1836. This circumstance is the more to be observed, because by some persons who have treated of events connected with the pressure on the money market in the last six months of 1836, while denying that the regulation of the Bank issues had any influence, the mere rise in the rate of discount is supposed to have caused a general fall of prices; and by other persons the fall of prices, although admitted not to have been general, is ascribed to a contraction of the Bank issues.

But, although so little if any of the variations of the prices of produce before December, 1836, can be traced to the influence of the circulation, the extreme depression which occurred in the markets for some important articles, in the interval between the commencement and the autumn of 1837, may be considered as having been influenced in some degree directly, but in a greater degree indirectly, by the circulation and the state of the money market.

The high prices in 1835 and 1836, of cotton, silk, and other raw materials, and the prevailing opinion that the supplies from existing sources could not keep pace with the rate of consumption, unless at permanently higher prices, held out strong inducements to bring forward the utmost quantities obtainable. And such being the strength of the motives for making every effort to bring forward greatly increased supplies, the low rate of interest, and the facilities of credit in this country, allowed of higher prices being paid abroad, and of conse-

quently bringing forward larger than the usual quantities.

It was the falling due in 1837 of a great part of the bills drawn, upon the large credits against shipments made, or to be made, which contributed to the commercial embarrassments that marked the commencement of that year; and the forced sales required to meet those engagements, in the contracted state of the circulation and of credit which then existed, would naturally create an extreme depression. This was the case especially with cottons and silks. And as the demand for manufactured goods for shipments to America, under the influence of the overtrading which prevailed *there*, contributed to the rise of prices *here*, in 1836, so the suspension or great abatement of that demand operated necessarily to a considerable extent in depressing the prices of the raw materials* of the manufactured goods calculated for the American markets in 1837.

Thus, the facilities of the money market in 1835-6 may be considered as having contributed to swell the importations of some particular articles in 1836-7, at higher prices than would otherwise have been paid, while the subsequent inevitable pressure on the money market entailed the necessity of sales of the increased quantities of those articles at greatly reduced prices.

To this extent, therefore, the variations in the state of the circulation, and of the money market, may be considered as having operated upon the prices of some particular descriptions of produce. But it is not in this limited sense, which amounts

* The metals participated in the depression from this cause, as some part of the previous rise had been owing to the demand for the United States. This applies particularly to iron, the orders for railway bars for America being then suspended, or greatly reduced; but the fall was inconsiderable compared with the previous rise.

to little more than the supposition of an indirect and partial influence on markets, that the effects of variations in the state of the circulation, and of the money market, are commonly supposed to have operated. The increase of the circulation, and the low rate of interest, are supposed to have operated *directly*, independent of other grounds, in affording *motives*, as well as *means*, for raising prices, for the rise of which there was no other cause; as, on the other hand, that the mere circumstance of a contraction of the circulation, and a pressure on the money market, formed a sufficient ground for a fall of prices, without any reference to the circumstances peculiar to the article. Of any *direct* or *general* influence of this kind by the currency on the variations of markets for produce, in the period under consideration, there is not, I will venture to say, as the result of the most minute investigation, any trace to be found, according to any obvious understanding of the mode in which an increase or diminution of the quantity of money is considered to operate.*

* The error, for such I conceive it to be, of the prevailing opinion, which ascribes to the occasional great variations in the amount of the circulation, and in the state of credit, a direct operation on *general prices*, arises from not distinguishing between those alterations in the quantity of money which — as in the case of a permanent increase or diminution in the produce of the mines, or in the case of an altered distribution of the precious metals according to certain laws, or in the case of a compulsory paper money issued by Government — enter into all the channels of circulation, and act directly upon all objects of exchange; from those alterations in the quantity of money which are the consequence of the varying balance of trade, and of the disturbing causes which operate on the markets for particular descriptions of produce, and on particular branches of trade, and on the money market. The movements of the precious metals for the mere purpose of the adjustment of international balances, may occasionally be on an extensive scale without affecting the channels of circulation, or acting therefore upon the prices of commodities and labour. And so, likewise, of the variations in the amount of paper money issued on terminable securities: It de-

There is, however, a point of view in which, by a very strained construction, the state of the circulation, and that of the money market, but more properly speaking the state of credit in this country, may be considered as having operated in raising, or rather as having contributed to raise, the prices of raw materials in this country in 1835, and in the commencement of 1836.

Among the concurrent causes of the demand which existed at that time for our manufactures, were the orders from the United States of America. As those orders were transmitted through the medium of first-rate London and Liverpool houses, with confirmed credits, the manufacturers proceeded in the execution of those orders on the best grounds possible. The employment thus given to the manufacturers was necessarily the occasion of demand for the raw materials; and such was the extent of that demand, that, as we have seen, it outran the usual supply, and occasioned the rise of prices, which was not greater than the reduction of stocks justified. The event, however, has shown, that the orders from America proceeded upon an exaggerated anticipation of consumption, and that the importers, in acting upon that exaggerated anticipation, operated on

depends upon the circumstances under which the issues are made, whether they enter into circulation at all, and whether they do not merely add to the deposits in the hands of bankers, or of the Bank of England. Or, if they enter into the circulation, they may be confined to the markets for securities, or they may enter partially into some markets for produce, or some branches of trade, which, from circumstances specially affecting them, require and call forth an increased amount of circulating medium. But in none of these cases would the increased amount necessarily affect *general* prices.

It may also here be observed that variations in the balance of foreign payments, and consequently the exchanges, are liable to be influenced by the rate of interest and the state of credit, as well as by the prices of commodities and the state of trade.

credit to an extent much beyond the due proportion to their capital. But speculative operations on credit, beyond the due proportion to capital, so that, in the event of the anticipation not being realised, the operators are unable to fulfil their engagements, are of the very essence of overtrading ; and overtrading, in this sense, has been exemplified on an extraordinary scale, in the state of things in America, in the two years preceding the last. The overtrading in imports into the United States, which contributed to the demand for our manufactures, was, doubtless, ministered to by the unbounded credit which was given, by the eminent houses in that branch of trade in this country, to the importers abroad. And, as it was the extraordinary facility of the money market, in other words, the low rate of interest, and the reliance on its continuance, which induced the granting of such an extent of credit from this side, it may be contended that the state of the money market in 1835 contributed to raise prices.*

This, however, is a refinement, in bringing the state of the currency to bear upon the elevation of prices, which, if admitted, would only introduce more confusion of ideas than already prevails on the subject. The overtrading in America, doubtless, could not have gone to the extent which it did without the credit given from this side ; but the inducements to give the credit, and the apparent grounds for reliance on a continuance of the low rate of interest, and of the state of confidence which prevailed here, might equally have existed in a perfectly unvaried amount of the currency, as

* To some extent the same reasoning will apply to orders received from other parts of the world for manufactures from this country in 1835 and 1836 ; and there was room for suspicion at the time that some part of the unexampled demand for our manufactures might be speculative, although unconnected with speculation on this side in the usual sense of the word.

indicated by the issues of Bank of England and country bank notes; and the charge against the Bank, for adding to its securities in violation of its rule in the autumn of 1835, is not so much that it was the means of adding to the amount of the currency, which, in point of fact, it did not, or only in the most trifling degree, but, that, by a violent effort, and a departure from its custom, in lending a large sum to the money dealers, below the rate to the public, it forcibly caused a temporary reduction of the rate of interest, thus facilitating and promoting those credits precisely at the time when an increase of the rate of interest, and a contraction of the circulation, were specially indicated.

But, although, as regards the markets for goods, there is not a trace of any *direct* influence of the amount of the currency, or of the rate of interest, on the rise of prices of produce in 1835-6, the case, as relates to the share markets, is different; both the inducement to adventure, and the means of investment in joint-stock companies, are alike promoted, by a low, and above all, by a falling rate of interest*; and there is, accordingly, every reason to believe that the low rate of interest in 1834 and 1835, and the reliance upon its continuance, with a vague expectation of a further fall, such reliance and expectation being countenanced by the operations of the Bank of England, in the re-issue of what they call their extra deposits, most powerfully contributed to extend,

* The present state of excitement in the market for shares at Paris, furnishes a proof that an almost purely metallic currency is not a sufficient preservative from occasional extravagance of speculation. The rate of interest is, indeed, very low there; but so it has been before, without giving rise to the manifestation of any spirit of speculation. At the same time it is to be observed that a moderate rate of interest, or, at all events, an easy state of the money market, and of credit, is essential to the extensive prevalence of such a speculative mania.

although they may not have originated, the system of joint-stock companies, and, more especially, of joint-stock banks. At the same time, with reference to the joint-stock banks, and such of the other joint-stock companies as have survived the pressure on the money market and the shock to credit of last year, and whose shares at this time, when greater sobriety and caution prevail, are saleable at a premium, the investments in them may fairly be considered to have been originally justified, and to be proceeding on safe grounds.

Upon the whole, looking back to the two past years, the disturbance of credit and of prices, although remarkable in some of its features, has been much less than has been witnessed on several former instances of transition from an undue extension of credit to a commercial revulsion. On the recent occasion, it seems to have been very much confined to the branch of trade, a very important one indeed, in which the most notorious overtrading prevailed. And it is a tribute to the general soundness of the commerce and manufactures of the country, that so violent a derangement should have occurred, in that extensive branch, with so little apparent mischief to any other of the great branches of commerce. And, as to prices, with the exception of cotton, silk, and tea, which were more or less the clear result of overtrading, there has been no extraordinary fluctuation; none, indeed, beyond those which are incidental to the ordinary course of markets.

Before closing this view of the state of the circulation, it may be right to advert to the position of the Bank, and to the state of the country bank issues, at the close of 1837.

On the 14th of December last, the position of the Bank of England was,

Circulation	£17,998,000	Securities	£22,727,000
Deposits	10,195,000	Bullion	8,172,000

This great diminution of securities, while there had been so great an influx of bullion, has been the occasion of animadversion, on the manifest inconsistency of the conduct of the Bank, with the rules which the directors profess to act upon, of keeping their securities uniform.

Mr. Loyd, who is deservedly looked up to, in discussions on this subject, uniting, as he does, clear views of general principles with great talent of exposition, and with most extensive knowledge of the business of banking, published in February, 1837, "Reflections suggested by Mr. Horsley Palmer's Pamphlet," containing strong animadversions on the conduct of the Bank, in having, in violation of its rules, extended its securities, in the autumn and winter of 1835-6, and in having continued an excess of securities, beyond its rule, in the face of a rapidly diminishing quantity of bullion. In his remarks, urged with great point and effect, on the inconsistency and the impolicy of the conduct of the Bank on that occasion, I fully concur.

In a recent publication, by Mr. Loyd, entitled "Further Reflections," &c., the conduct of the Bank is again remarked upon, for the discrepancy of its position with that which, according to the principle announced by the directors, it ought to exhibit.

Mr. Loyd expresses great objections to the rule itself, and further animadvert on the inconsistency of the Bank, with reference to it, in the following terms, page 18. : —

"We are not ourselves disposed to lay too much stress upon this rule, inasmuch as we conceive that steadiness in the amount of the securities is a principle applicable to the management of currency only, and wholly inapplicable to the conduct of banking operations in any form. When it is applied to the combined operations of the Bank in her double capacity, we conceive that it is impracticable, and the published accounts seem to verify this opinion.

“ We will, therefore, pass on to the next and far more important consideration to which an examination of the foregoing table will necessarily draw our attention ; that on the relation between the fluctuations in the amount of circulation and those in the amount of bullion.

“ It will be observed that during the year 1837 the amount of bullion has been steadily increasing, being at the end of the year double the amount at which it stood at the beginning of it. Now it is clear that had the circulation been metallic, it would, during this time, have increased to the extent to which the bullion in the Bank has been augmented, *i. e.* nearly four millions, and, consequently, if the paper circulation be made to vary as a metallic circulation would have varied, it will during this time have undergone an increase of nearly four millions. But upon turning to the column of circulation, we find that it stands now at nearly the same amount at which it stood when the bullion was at the lowest point ; and that it has actually undergone a large reduction during the last three months concomitantly with a large increase of bullion.

“ But the Bank laid down other rules than this for its guidance, and it has been contended that the Legislature and the public gave an implied acquiescence in those rules. Let us, then, try the proceedings of the Bank by them.

“ One of these was steadiness in the amount of the securities, upon which we have already made all the remarks which it seems to require.

“ The other rule was, that the fluctuations in the amount of bullion should be met by a corresponding fluctuation in the aggregate amount of circulation and deposits. Against the soundness of this rule we urged, on a former occasion, what appeared to us to be conclusive objections ; but if the conduct of the Bank during the past year be tried by this test, the condemnation of it will even be more conclusive than when tried by the rule for which we have contended.

“ In March, 1837, it was maintained in Mr. Palmer's Reply (p. 7.) ‘ that the Bank has acted up to the principle declared in the year 1832, before the Committee upon the Bank Charter ;’ that principle being that the joint liabilities of notes and deposits were to vary as the amount of bullion. Let us, therefore, compare the account rendered by the Bank at that time with the account last published by her.

March 7.

Circulation	-	£18,178,000	Bullion	£4,048,000
Deposits	-	13,260,000		
Joint Liabilities		<u>£31,438,000</u>		

December 14.					
Circulation	-	£17,998,000	Bullion	-	£8,172,000
Deposits	-	10,196,000			
		<hr/>			
		£28,194,000			
		<hr/>			

“ By this statement it appears that the bullion has increased 4,124,000/., whilst during the same period the joint liabilities have diminished, not increased, 3,244,000/.. Therefore it is clear that the joint liabilities have not varied as the bullion has varied, and consequently the rule laid down by the Bank has not been observed.

“ It is equally clear by the table that the circulation has not varied as the bullion, and therefore the rule contended for by us has not been observed.

“ Let us now contrast the amount of securities at these two periods.

March 7.	Securities	-	£30,579,000
Dec. 14.	Ditto	-	22,727,000

Decrease of Securities	£ 7,852,000
------------------------	-------------

“ Here we find a very large diminution in the amount of securities ; what amount the Bank will contend ought to be struck out of the account as arising out of deposits of an unusual and extraordinary character it is impossible for us to say ; but it is hardly possible to believe that so great a difference in the amount of securities can be satisfactorily explained on such grounds.”

Before charging the Bank with inconsistency in having reduced its liabilities and securities, and allowed the influx of bullion to take place, without having made an addition to the circulation equal to the addition to its treasure, something definite should be stated as to the amount of bullion which the Bank ought to have in view to possess, in order to be in a safe and satisfactory position. The desideratum with this view has been held by the Bank directors to be about one third of its liabilities. This, taking the average of the liabilities for some years past, would make the desired amount of treasure about ten millions ; and, as far as the eventful experience of the last fourteen years, namely, since 1824, can serve as a guide for judg-

ment on this point, there appear to be good grounds for believing that *not less than ten millions* can ever be considered as a safe position of its treasure, seeing the sudden calls to which it is liable.

As long as the Bank of England holds the situation which it does, its coffers must of necessity serve as the resource for all the other banks in the kingdom, to supply any casual demand for gold beyond their ordinary current purposes. And it is upon the treasure of the Bank of England that all the demand for export operates, when either the balance of trade, or foreign financial operations, or a temporary surcharge of our own circulation, entail a sudden call for payments abroad, to an unusual extent, which can be supplied only by the transmission of bullion.

Just before the drain on its coffers in the autumn of 1830 was first felt, the treasure amounted to 11,150,480*l.*, namely, on the 31st August of that year. And the Bank, acting consistently with its assumed rule of keeping its securities even, and remaining otherwise in a perfectly passive state, that is, without an effort, and without any sensible disturbance of the money market, surmounted the drain, which was of rather a formidable character, having carried off from the Bank nearly seven millions of bullion in less than eighteen months. Now, if the treasure at the commencement of the drain had been only half the amount, or even between seven and eight millions, very violent measures in the way of reduction of securities, and contraction of the issues, must have been resorted to, attended by a great disturbance of the money market. On the other hand, if the Bank had not arrested the influx of bullion in the spring of 1836, or had taken effectual measures while the tendency was in that direction to raise its bullion to one third of its liabilities, it would not later in the year have

found itself, as it did, in the humiliating predicament of being obliged to support the Northern and Central Bank, as a measure of self-preservation, against its own interests, and that of the public. It is not therefore very consistent, on the part of those who blamed the Bank for having extended its securities in the autumn of 1835, to reproach it for not extending its securities, and thus stopping the influx of bullion, in the autumn of 1837, before the amount had reached to the desideratum of one third of its liabilities.

And the propriety of the conduct of the Bank, in being passive under the influx of bullion till it turned the amount of ten millions, is becoming manifest in the security which is now felt in facing the rising demand for gold for shipment to the United States.

It has been charged against the country banks, that it is their tendency, while speculation is abroad and prices rising, to over issue ; and that in periods of stagnation and distress, their tendency is the opposite, namely, suddenly and unduly to contract their issues.* This may be generally true ; but, on the recent occasion, there seems to have been no such violence of contraction, as far as relates to the issues. We have already seen that, taking the aggregate of the country bank circulation, there was no such enlargement, either in point of time or

* Mr. Norman observes, p. 90., " It is necessary to call the reader's particular attention to an evil as completely inherent in the present system of paper issues in this country as the tendency to over issues, when a spirit of speculation is abroad, prices rising, and the rate of interest high ; viz. a directly opposite tendency, a disposition on the part of all banks to contract their circulation in periods of stagnation, distress, and quiescence, in a greater degree than could occur with a metallic currency, or paper regulated on a metallic basis. The mischief above-mentioned has been often alluded to in this pamphlet, but has not been duly appreciated by the public ; yet its effects are, perhaps, as disastrous, except that they do not involve insolvency on the part of issuers, as its opposite."

of amount, as to justify the imputation of having counteracted any efforts of the Bank of England, if such had been made by it, to reduce the circulation after the drain of its treasure had commenced ; for that, when the necessity for some contraction had become urgent, namely, in June, 1836, a reduction of the aggregate of the country circulation had taken place in the quarter following, the amount having been less by nearly half a million on the 24th September than on the 25th June ; and that in the quarter ending the 31st December, 1836, when the exchanges no longer caused any demand for bullion for export, and when the pressure on the money market had become very severe, the aggregate of the country bank issues was somewhat enlarged compared with the preceding quarter. Thus far, therefore, there appears to have been no ground for the charge. In 1837 there was a reduction of the aggregate issues ; but considering the great fall of the share markets, and of the cotton markets, in the great manufacturing districts, where the prices had in the spring and summer of 1836 been most elevated, it may be matter of surprise that the reduction of the country circulation was not greater in the early part of 1837 than it proved to be. For as the very extensive dealings in shares in Lancashire, and in some of the other great manufacturing districts, besides the extended transactions at advanced prices, for cotton, in 1835 and 1836, entailed as a necessary consequence an extension* of paper

* If the currency had been purely metallic, there must, under the circumstances, such as they existed in the great manufacturing districts, but more especially in Lancashire, in the autumn of 1835, and the spring of 1836, have been a considerable increase of the circulation in those districts. The rise of the prices of goods was from an external demand ; and the large investments in shares were from real local capital. If, therefore, the local banks had not supplied the increased amount of paper and credit requisite to circulate the goods at the advanced

and credit ; so a fall in the markets for shares, and for cottons, in the spring of 1837, necessarily caused a reduction of paper and credit. The quarterly returns of country bank issues were,

	Private.	Joint-stock.	Total.
Sept. 24, 1836	£7,765,000	£3,969,000	£11,734,000
April 1, 1837	7,276,000	3,755,000	11,031,000

And it is to be observed, that in that interval the circulation of the Northern and Central Bank had been withdrawn, amounting to between 300,000*l.* and 400,000*l.*, which had been replaced by notes of the Bank of England ; so that the aggregate of the issues of the Bank of England, and of the English country banks, on the average of the quarter ending in April, 1837, was less by only about 400,000*l.*, than it had been in the quarter ending in September, 1836. A difference to this extent, which is often exceeded by the variations of daily payments, cannot, it is to be presumed, be magnified, by the most violent exaggeration of the currency theory, into such importance as to be supposed by any possibility to have had any influence on prices ; more especially as the diminution, trifling as it was, *followed*, instead of *preceding*, the fall of prices

prices, and the transfers of real capital embarked in the railways and other of the more solid joint-stock undertakings, the deficiency must have been supplied by the Bank of England, or from the metropolitan circulation. The contraction, in that case, of the latter, would probably have raised the exchange ; and the influx of gold would have been somewhat greater than it proved to be. It may be supposed that no rise of produce and of shares could have occurred in Lancashire without the transmission of cotton, &c., and of shares, from the metropolis, or from other parts thither. But the Lancashire markets were the absorbing and regulating markets for those descriptions of goods, and for shares. In fact, the goods could hardly be said to be interchangeable at all with the metropolis, in the sense in which they would be supposed to restore the former proportion of circulating medium. And the prices of railway shares in the London market were kept up in some instances mainly by the demand from Lancashire.

which had occurred in that interval. Nor can the difference in the quantity of money, as depending on the amount of bank notes, be, by any much nearer approach to possibility, considered as having been the cause of the derangement of credit which occurred in that interval. The further fall of prices which occurred in the summer of 1837 necessarily *caused* a further reduction of the country circulation, which seems then to have reached its lowest point; the aggregate issues in the quarter ending 1st October having been 10,142,049*l*.

By the usual operation of increased confidence, and improving markets, the country circulation experienced a moderate enlargement towards the close of 1837, having risen, on the 30th December, to 10,870,135*l*. And, in order to show how little there was of variation in the quantity of money, as exhibited in the aggregate issues of the Bank of England and the English country banks, to account for the great variations of credit and prices, it may be sufficient to state the comparative amount, according to the Gazette returns, of the quarterly averages, at the close of each of the four last years, namely, of

1834,	-	-	£28,963,828
1835,	-	-	28,455,414
1836,	-	-	29,372,697
1837,	-	-	28,877,135

It is quite impossible, looking at these figures (and the same, or nearly the same, result would be exhibited by the yearly averages), without being struck by the utter inadequateness in point of amount, besides the discrepancy in point of time, of these very small variations, to account for the fluctuations of prices, divergent as these were, and for the contrast between the extreme of confidence during the first two thirds of the period, and the great derangement of credit in the subsequent part of that period.

A table, exhibited by Mr. Norman, of the issues, not only of the English but also of Irish bank notes, affords, if possible, a stronger presumption of the negative of any influence from mere variation of the amount of Bank notes on the fluctuations of prices, and the vicissitudes of commerce, which have been experienced in the last three or four years. Thus, for instance: —

	Average circulation. — Bank of England.	ENGLAND. Joint-stock and private banks.	IRELAND. Average amount of notes half-yearly, on which composition is paid by joint-stock banks; and actual circulation. — Bank of Ireland.	TOTAL.
	£	£	£	£
June 28, 1834.	18,689,000	10,518,000	5,036,000	34,243,000
Dec. 28, „	17,070,000	10,659,000	5,250,000	32,979,000
Dec. 26, 1835.	16,564,000	11,134,000	5,334,000	33,032,000
Dec. 13, 1836.	17,361,000	12,011,000	5,864,000	35,265,000

I have not the return for Ireland in 1837, but that is not material; the inferences from the above being sufficient. For here we have, in June, 1834, when there was a prevalence of perfect quiet in the markets for produce of every kind, a total of issues, Scotland excepted, amounting to 34,243,000*l.*; while in the year and a half following, when there was a tendency in most articles (the agricultural produce of the United Kingdom excepted) to rise in price, the aggregate circulation appears to have been less by upwards of 1,200,000*l.* How then is it possible to assign variations in the quantity of money, indicated by those issues, as the causes that originated, or even promoted, the fluctuations of prices, and the vicissitudes of commerce, seeing that the main impulse to the rise of such articles as experienced the greatest advance of prices (corn excepted), and to the great extension of credit, originated and was in progressive operation for several months anterior to the

close of 1835 ; the phenomena both of prices and of credit, in the early part of 1836, having been but the development of the causes previously in operation ; while, with a marked increase in the aggregate amount in the quarter ending in December, 1836, there was a severe pressure on the money market, accompanied by a fall of prices of those articles which had been previously raised by an exaggerated demand in particular branches of commerce that had been obviously under the influence of extensive overtrading ?

The truth is, that the rise of prices and the tendency to overtrading were partial, and were allowed to proceed to the length that they did by the general confidence and the low rate of interest which then prevailed, and which admitted of an expansion of the medium of credit to the full extent of the force of opinion acting in any particular direction ; or, in other words, gave full scope to the spirit of speculation, and the tendency to overtrading which existed in the share markets, and in the trade with the United States, and in a smaller degree in the China trade. That the operations of the joint-stock banks, by an undue use of their deposits*, and of their credit,

* Col. Torrens, in his "Letter to Lord Melbourne," builds a very ingenious argument on the hypothesis, "That deposits with solvent banks form a component part of the general medium of exchange, and perform the functions of money just as effectually as the coin and bank notes actually in circulation ; and that the practice of merchants and others in keeping their cash with bankers, and the practice of bankers in employing the cash thus placed in their hands, have the effect of increasing the general medium of exchange by the amount of that portion of the cash of their customers which bankers may find it prudent to employ." In elucidating these positions, and in drawing some extraordinary conclusions from them, Col. Torrens refers, in support of some of his views, to a paper which had been communicated to me by Mr. Pennington, and which was appended to my letter to Lord Grenville, published some years ago. In that paper, Mr. Pennington took occasion to show that the employment by the London bankers of a portion,

in the great extension of their discounts, and of their advances on mere personal security, allowed of a wider and longer range to the speculations in shares, and to the overtrading which prevailed to such an extravagant length in the American trade, cannot be doubted. But the joint-stock banks could not have proceeded to the length that they did, in the way of discounts and book credits, had it not been that the Bank of England, by its large loans to the money dealers, in the autumn of 1835, afforded the resource of re-discount to an enormous amount. The money dealers acted strictly within their vocation in taking the money offered by the Bank at a low interest, and in simultaneously lending it upon what then, according to all human means of judging, could not but be deemed undoubted and readily convertible securities, at the moderate additional interest which constitutes the profit of their business. And if blame attaches to either or both of those parties, it must apply in a still greater degree to the Bank of England, which, notwithstanding its view of the existing tendency to a dangerous excess of credit, contributed in an extraordinary degree, and by an unusual mode, to aggravate that tendency, if not to create that very

greater or less, of their deposits in discounts and in advances by book credits, operated on the circulation in a manner analogous to the issues of the promissory notes of country bankers. On some of the points connected with this statement, Col. Torrens appears to have misconceived the meaning of Mr. Pennington, who has, in consequence, addressed a letter to me, explanatory of his views on those points, taking occasion to make some further observations on the effect of deposits, and the manner and extent of the employment of them, on the amount and value of the currency. As these are points of considerable importance, and as Mr. Pennington takes a very scientific view of them, I, with his permission, insert his letter (Appendix, p. 369.), and recommend it strongly to the attention of the reader.

excess which it apprehended ; instead of adopting the very opposite course, the means of which so opportunely presented themselves, of simply not re-issuing the large casual addition to its deposits.

According to this view, if it be correct, the principal error of the Bank, that error to which some, although perhaps not the greater part, of the mischief in 1836-7 may be ascribed, not indeed in its origin, but to some extent in its progress, is not to its management of its issues, but of its deposits, and of the securities in which those deposits were invested. And it does not appear very clearly that, if the footing of the currency had been that of a circulation of notes exactly varying as a metallic currency would do, or if the business of the Bank had been strictly separated into two departments, the one confined to the issue of notes against gold, or of gold against notes, and the other allotted to its general banking business, the disturbance of trade and of credit would have been less than it was. Indeed, it would depend upon what might be considered as the proper proportions of securities and bullion to be held against the notes, whether it would not have been greater. If, for instance, one third of bullion to the circulation were deemed sufficient then, as in the quarter ending in October, 1835, the circulation was about eighteen millions, and the stock of bullion about six millions, the further influx of bullion to the extent of nearly two millions, which took place in the following six months, would have been attended with an increase of the circulation to that extent. It is probable, however, that the further issue of paper against gold would have prevented the influx of a part of the additional two millions. But still there would have been some addition to the circulation ; and such addition would have gone to swell the tendency to excess which already existed in the spring of 1836. Now, all the phe-

nomena of excitement, and the extent of foreign engagements which constituted the overtrading, had at that time reached their utmost development. The conclusion therefore is, that, as far as relates to the state of things as it existed in the spring of 1836, it would not have been prevented by a circulation varying as a metallic one, because, at any rate, there would have been no reason for a diminution of bank notes while the stock of bullion was rising to about eight millions; and the Bank would equally have had the motives which before existed to re-issue its extra deposits; while those motives would have been strengthened if the influx of bullion beyond six millions had been attended with an increase of circulation, and consequently, perhaps, of deposits.

The mischief which lay in the excitement and overtrading would, therefore, obviously have occurred, at least equally under a metallic variation. And the only question in determining how far a variation strictly upon the metallic basis, such as has been recommended, would have been preferable in its operation to the system acted upon by the Bank is, whether a more abrupt termination of the excitement and overtrading was desirable; for more abrupt the termination would doubtless have been by a strictly metallic basis, inasmuch as, upon the occurrence of the drain, the reduction of bank notes would have been immediate. And suppose that, by the coincident suppression of bank paper, the drain had gone only to half the extent which it did, namely, to two millions only, instead of four millions, the pressure on the money market, severe as it was, without any reduction of Bank of England notes, would have been considerably aggravated by a reduction of at least two millions. There are, doubtless, some points of view in which a more abrupt termination of the excitement and overtrading, compared with the more lingering one

which occurred, might have been beneficial on the whole; and the principal criticisms on the conduct of the Bank have proceeded, on the ground that the drain of bullion should have been met by a corresponding contraction of its paper. But the main charge against the system pursued by the Bank has been that of its having been conducive to the great fluctuations of trade and of prices. Now, it appears that, under a more correct system of issue, *if the use of its deposits by the Bank had been the same*, the fluctuations would have been as great, with only the difference of a more speedy termination of them.

Whether the administration of a paper currency would be conducted more beneficially for the public, upon the footing of a variation in amount exactly the same as if the basis were strictly metallic, than upon the principle professed by the Bank, and upon which it was conducted between 1827 and 1833, of keeping the securities even (subject, of course, to a periodical revision of the proper amount to be held), and allowing the public to act upon the other elements of the position of the Bank, is a question upon which it would seem to savour of presumption to entertain a doubt, seeing such an array as is presented of justly distinguished authorities, namely, Mr. Loyd, Mr. Norman, Mr. Samson Ricardo, and Colonel Torrens, who express themselves unhesitatingly in favour of the former. I cannot, however, help thinking that there are several considerations which might be allowed to weigh in a preference of the latter, *if there were sufficient security for its being firmly and consistently acted upon*. But the deviation from that principle in the autumn of 1835, and the strange reasoning in justification of it, founded upon the arbitrary distinction of the nature of the deposits, and the vacillating and inconsistent course subsequently pur-

sued, have naturally created doubts among the friends of the system, how far the maintenance of it can, under the management on its present footing, be relied upon; more especially as the old and, as it was to be hoped, the obsolete, doctrine has recently been revived and insisted upon, that the Bank is bound in the regulation of its securities and its issues to attend to the accommodation of trade and the support of credit. Under the influence of this doctrine, there can be no security for the maintenance of a sound administration of the currency. There is no degree or extent of deviation from principle to which such doctrine may not serve as a cloak. And either the bias of private sympathies, or the notion, sincere, though ill-founded, of being called upon to interfere for the accommodation of trade or the support of credit, may, under a variety of contingencies, compromise the principle, which ought to be held sacred, of the convertibility of the paper. There is, moreover, the constant danger lest the object of securing a certain dividend to the proprietors should induce a greater effort to extend the securities than a clear view to the maintenance of a sound state of the currency would justify. This object may not have entered into the motives for the employment of the extra deposits; but there is no security against an undue influence from such object under the present system.

SECTION 7.—*Summary of the preceding Survey.*

1. The fall of the prices of corn, from the harvest of 1832 to the close of 1835, was the necessary consequence of a succession of abundant crops, the produce of which appears to have greatly exceeded a largely increased consumption.

2. The rise of the price of wheat in the spring of 1836 was the consequence of reduced stocks on hand, of reports of a diminished breadth of land sown with it, and of unfavourable appearances on the ground.

3. The prices of corn, but more especially of wheat, continued to advance throughout the great pressure of the money market in the last six months of 1836, and, after an intermediate inconsiderable depression, rose again in the summer of 1837, during the greatest commercial discredit and distress, the price of wheat having been at that time nearly 70 per cent. higher than in December, 1835.

4. The prices of several leading articles of consumption, and the raw materials of some of the principal manufactures, and the metals, rose in the interval from 1833 to the close of 1835, while the price of wheat was falling very considerably.

5. The rise of prices of produce in the spring of 1836 applied to a very large proportion of commodities, and included agricultural produce; but in few instances did the advance of prices go beyond the degree which was fully warranted by the relative reduction of stock.

6. There was no *general* fall of prices in the last six months of 1836; nor, in the case of such articles as did fall before December of that year, was the depression greater than the relative increase of stock and approaching supplies accounted for and justified.

7. The extreme fall in the markets for produce, between November, 1836, and July, 1837, was confined to such articles as had been the subject of overtrading, chiefly in the American, and partially in the China trade.

8. Both in the rise and in the fall of markets for produce, in the interval from 1833 to 1837, the circumstances peculiar to each article account

for the variations of price, without supposing any direct influence on general prices from variations in the quantity of money.

9. The aggregate issues of the Bank of England, and the Bank of Ireland, and of the English and Irish country banks, did not so vary in amount or in order of time between 1833 and 1837, as to justify the assignment of those variations of the amount of issues as having caused the fluctuations of prices and the vicissitudes of credit which occurred in that interval.

10. Although there is no trace of any direct influence of the state of the circulation in elevating the markets for produce in this country, there is every reason to believe that the low rate of interest and the facilities of the money market induced the houses in the American trade to grant credits and to make shipments uncovered to a vast amount; thus indirectly causing an increased demand for manufactures, and consequently an increased price, as long as the demand lasted, for the raw materials of those manufactures.

11. The Bank of England, by enlarging its securities in the autumn of 1835, in violation of the principle of management announced by the directors in 1832, and by thus forcibly reducing or keeping down the rate of interest, promoted the formation and extension of joint-stock banks, and encouraged and facilitated the system of discounts and re-discounts, and advances on personal securities, which was carried on by those banks to a mischievous extent. That measure, namely, of re-issuing its extra deposits, also greatly favoured the overtrading in America, and in the American branch of trade in this country.

12. The enlargement by the Bank of its securities favoured the views of the American government in the alteration of the mint regulations of the United States, as it favoured also the financial

operations of the United States Bank in negotiating a loan in this country ; both measures tending to a demand for gold from this country to America, at a time when it was peculiarly incumbent upon the Bank to be provided with an amount of treasure in full proportion to its liabilities.

13. The resistance offered by the Bank to the influx of bullion in 1835-6, occasioned the insufficiency of its treasure to meet the exigencies that afterwards arose and reduced the directors to the predicament of being obliged in self-defence to support the Northern and Central Bank against the interests of their proprietors and of the public.

14. The revulsion of credit, and the fall of prices in 1836-7, in the branches of trade to which they were confined, were the necessary consequence of the previous undue extension of credit and exaggeration of demand ; and there was no derangement of credit or important fall of prices in other branches of trade which had not been chargeable or connected with an undue extension of credit, or, in other words, with overtrading.*

* If the proofs already adduced of the absence of direct influence from the state of the money market on the prices of produce were not sufficient, a fresh and decisive one might be adduced in the present state (April, 1838,) of the markets for cotton, silk, indigo, and some other important articles which are now lower than they were in the autumn of 1837, and are dull and drooping, notwithstanding an increase of the circulation and a greatly reduced rate of interest. If either an increase of Bank notes or the utmost facility of raising money on good security, are of themselves sufficient to induce persons to borrow with a view to buy or hold goods, how happens it that these goods do not experience a speculative advance, or at least are not prevented from falling ? And again, while cotton, silk, and colonial produce have of late been declining, the prices of corn have been rising.

CHAPTER XI.

GENERAL VIEW OF CONCLUSIONS TO BE DERIVED
FROM THE PRECEDING HISTORICAL SKETCH OF
PRICES ; AND CONCLUDING REMARKS ON THE
CURRENCY.

THE general conclusions to be derived from the detailed statements, which have been given of the principal circumstances that have affected the prices of each of the articles referred to, may be classed under two heads ; the one embracing the period from 1793 to 1814, in which the principal phenomena of high prices occurred ; the other, dating from 1814, and reaching to the present time, being an interval during which (with the exception of the high prices consequent on the great scarcity of 1816-17, which extended over Europe) a much lower range of prices has prevailed.

SECTION 1. — *General View of the Causes of the High Prices from 1793 to 1814.*

The relatively high prices of articles divested of taxation, and not the objects of immediate war expenditure, in the interval from 1793 to 1814, may be ascribed to the following general circumstances :—

1. The frequent recurrence of seasons of an unfavourable character, there having in that interval been no fewer than eleven* seasons in which the

* 1794 and 1795; 1799 and 1800; 1804; 1807 to 1812, inclusive.

general produce of corn, but more especially of wheat, was deficient. Of those seasons, some were of a desolating character, extending over the greater part of Europe ; and, during the earlier part of the war, there were scarcities of corn also in the United States of America.

2. The destruction of a great source of supply of transatlantic produce by the revolution in St. Domingo, which rendered sugar and coffee, and most other West India produce, scarce and dear during the earlier part of the war.

3. Obstructions and prohibitions of export from the Continent of Europe, more especially during the latter years of the war, of articles of which, whether as raw materials of our manufactures, or naval stores, or food, we stood in urgent need.

4. The increased cost of importation, by higher freights and insurance incidental to a state of war generally, and aggravated in an extraordinary degree by the peculiar character of commercial hostility and exclusion which marked in so striking a manner the latter years of the war.

5. The difference of exchange, which in the last five years of the war averaged 20 per cent., thus adding so much to the cost of all imported productions, and which, as it diminished the cost of all our exportable produce by so much to the foreign consumer, renders the depression of price of the latter description of productions, between 1808 and 1812, in so far the more remarkable.

6. A higher rate of interest, in consequence of the absorption by the war loans of a considerable proportion of the savings of individuals ; such higher rate of interest constituting an increased cost of production.

SECTION 2. — *General View of the Causes of the Decline and comparatively low Range of Prices from 1814 to 1837.*

The causes of the decline, and of the lower range of prices, which dates from 1814, and has continued (after an intermediate rise in consequence of the great scarcity of 1816–17, which extended over Europe) to the present time, may be classed under the following heads : —

1. A succession of more favourable seasons, there having been in the last twenty years, namely, from 1818 to the present time, only five seasons in which the produce of wheat was decidedly deficient *; and in none of them was the inclemency of the season, or the scarcity resulting therefrom, at all comparable to some of those which occurred during the war; nor was there any one of them that extended over Europe. This prevalence of favourable seasons, and the total exemption from such desolating seasons as 1816, and some previous ones, have developed the effects of an extended and improved cultivation in this country, and in many other parts of the commercial world.

2. The removal of obstacles from the several sources of foreign supply; a great extension of some of them; and the discovery of new ones.

3. A great reduction of the charges of importation, by the low freights and insurances incidental to a state of peace; and the improved, and cheaper, and more rapid internal communications.

4. A rise of the foreign exchanges, in consequence of the cessation of the great foreign war expenditure, and the consequent reduction of the cost of all imported commodities.

5. Improvements in machinery, in chemistry,

* 1823, and 1828 to 1831, both years included.

and in the arts and sciences generally, all tending to reduce the cost of production of numerous articles, or to provide cheaper substitutes.

6. A reduction of the general rate of interest, and a more extensive application of individual accumulations to reproduction at a diminished cost.

SECTION 3. — *Concluding Remarks.*

The causes which have thus been enumerated account for so large a proportion of the great fluctuations of prices, during the period embraced by this historical sketch, as to leave no ground for imputing to war-demand any influence, except in the case of articles which are the immediate objects of government expenditure, as naval and military stores, or to alterations in the system of our currency, any effect beyond the difference between paper and gold, such difference, if of any continuance, constituting, through the medium of the exchanges, an increased cost of production.

It is not only to the articles of produce specifically referred to in the preceding statements, that the explanation given of circumstances affecting the production and supply is intended in this remark to apply. There is not, as far as I have been able to discover, any single commodity, in the whole range of articles embraced in the most extensive list of prices, the variations of which do not admit of being distinctly accounted for by circumstances peculiar to it, in the relation of supply, actual or contingent, real or apprehended, to the ordinary rate of consumption, without supposing any influence from the Bank restriction beyond the degree in which the difference of exchange, which could not have existed but for the restriction, may be considered to have operated distinctly on the cost of production. And I have

endeavoured to show that, while there existed this ground to warrant the inference of the absence of any influence of the currency beyond the difference of exchange, or of the price of gold, in the great variations of markets, there was the strongest possible confirmation in the same conclusion, by a reference to the state of the circulation ; for that, according to the historical view of it which has been presented, there is every reason to infer that there was no such alteration of the quantity of money, arising out of the manner in which the Bank issues were regulated, during and subsequent to the restriction, as to justify the inference of its having been an operative cause of the great variation of prices.

The whole tenour of the facts and reasonings adduced has been to establish the conclusion that the great alterations of prices originated, and mainly proceeded, from alterations in circumstances distinctly affecting the commodities, and not in the quantity of money, in relation to its functions, or in comparison of what, upon fair grounds of presumption, it might be supposed that it would have been, if there had been no restriction, but at the same time no pressure upon the exchanges by extraordinary foreign payments.

If the explanation of the circumstances which have distinctly affected the supply and consumption of commodities, be deemed insufficient to account for the whole of the variation of bullion prices, there would remain only a resort to the supposition that the variations in the quantity and uses of gold and silver have been on such a scale in the two periods, namely, such the increase of the quantity of the metals relatively to their uses, as to have sensibly diminished their value during the war and the restriction ; and such the subsequent falling off as to have increased their value. And as there was, down to the time of the revolution in Spanish

America, in 1810, a considerable progressive increase, and, subsequent to that period, a great falling off, of the supplies from the mines of that country *, a specious ground is afforded for attributing to this cause a considerable influence on bullion prices. Very plausible theories have, accordingly, been constructed upon the assumed operation of this cause; and in two or three very ingenious publications, the whole of the great variations of prices have been ascribed to it.

If this hypothesis were better founded than it appears to be, it would not at all, as there has before been occasion to observe, affect the question of the effects of the Bank restriction and resumption; because, if the restriction had not existed, there must equally, according to this hypothesis, have been a rise of bullion prices during the war, and a fall subsequently; whereas the controversy upon the effects of Peel's bill turns upon the supposition, that the whole of the variation of bullion prices has been produced by alterations in the system of our currency.

The information respecting the production and the consumption of the precious metals, although considerable light has been thrown upon the subject by Mr. Jacob's valuable publication, is much too vague to admit of any conclusion being drawn from it as to any influence to be ascribed to alterations in their value upon prices. Considerable as the rate of increase was, before 1810, and great as has been the subsequent falling off, there is reason to doubt, whether, in the increase or the falling off, the magnitude of the mass upon which the difference of supply, with reference to the consumption within the periods in question, has operated, is not such as to render the variations of imperceptible effect upon general prices; taking into consideration

* See Jacob on the Precious Metals.

more especially the countervailing circumstances which have been noticed in the preliminary part of this work. And the inference against the supposition of any considerable effect, from such variations of the supplies from the mines, is rendered nearly conclusive by the manifold proofs which admit of being adduced of the sufficiency of the means of accounting for the variations of prices, without resort to any aid from a reference to any material alteration in the value of the metals.

In favour of this view of the insufficiency of the difference of the productiveness of the mines to account for the great variations of prices, I am enabled to quote the authority of Mr. M'Culloch, which, high as it deservedly is on topics of political economy generally, is more especially so on the point now in question; because his researches, for the purposes of his eminently and extensively useful Commercial Dictionary, have necessarily led him to a view of the principal circumstances affecting all the leading articles of commerce, with reference to the supply and consumption of them. The following passage is extracted from that Dictionary, under the head of "Precious Metals: " —

" Influence of the diminished Productiveness of the Mines on Prices. — It has been customary in this country to ascribe almost the whole fall that has taken place in the price of most commodities since the peace, to the diminished supply of bullion from the mines. But we doubt whether this circumstance has not been fully counterbalanced by others, and whether it has had any influence in the way now mentioned. The cessation of the drain to the East, even admitting that M. Humboldt has somewhat over-rated its amount, would of itself have gone far to counteract the decreased productiveness of the mines; but we have just seen that it has not merely ceased, but that we are, in fact, deriving considerable supplies from that very quarter. In addition to this, the greater security and tranquillity enjoyed on the Continent, since the peace, has not only checked that burying of money, formerly so prevalent, but has caused the bringing to light of a good many of the subterranean hoards. The institution of savings' banks, now so common every where, has also, no doubt, tended to prevent hoarding, and to bring a good deal of

coin into circulation, that would otherwise have been locked up. These circumstances, coupled with others that might be mentioned, such as the cessation of the demand for military chests, the greater employment of bills in mercantile transactions, &c., afford the best grounds for doubting whether the quantity of the precious metals annually applicable to the purposes of circulation be not as great at present, as in 1809 or 1810. It is further to be observed, that the falling off in the produce of the mines has been in silver only; and that the supply of gold, instead of being diminished during the last 10 years, has been *very materially increased*: and as gold is the standard of our currency, it is obviously false to affirm that its value has been increased from its being less abundant than formerly. It is contended, indeed, that in estimating the value of the precious metals, we cannot separate gold and silver; and that the fall that has taken place in the price of *all* commodities since 1815, proves that the value of money has sustained a corresponding advance. But the value of gold is in no way dependent upon, or connected with, the value of silver. The exchangeable worth of each metal is wholly determined by the peculiar conditions under which it is supplied; and the circumstance of gold falling in value when silver is rising, is no more to be wondered at, than that lead should fall when iron rises, or conversely. Neither is it true that the fall in the value of commodities since 1815 has been universal. We admit it has been very general; but we venture to affirm that there is not, without any exception whatever, a single commodity that has fallen in price since 1814, the fall of which may not be satisfactorily accounted for without reference to the supply of gold and silver. Multiplied proofs of what is now stated, will be found in various articles throughout this work. And we have little doubt that those who investigate the matter with any degree of care, will agree with us in thinking, that, even without distinguishing between gold and silver, were the influence of the decreased productiveness of the mines on prices estimated at from 3 to 5 per cent. it would be very decidedly beyond the mark. We believe its influence has been hardly perceptible."

If, however, as Mr. M'Culloch states in the foregoing passage (and as I have endeavoured to show), "there is not, without any exception whatever, a single commodity that has fallen in price since 1814, the fall of which may not be satisfactorily accounted for without reference to the supply of gold and silver," it seems to follow that the previous rise may be equally accounted for without such reference; because the mere abstraction of

the causes of the rise till 1814, will account for the greater part of the subsequent fall; the fall of some commodities, in a greater degree than the previous rise, being the effect of improvements in machinery, in cultivation, in science, and in the facility and comparative cheapness of communication.

But, although, upon the grounds stated, there is reason to believe that the variations in the productiveness of the mines, considerable as those variations have been, are insufficient, taking into consideration the countervailing circumstances, to have caused any perceptible difference in the value of the precious metals, it must be admitted that the hypothesis which ascribes to that cause more than its due importance, is not chargeable with the inconsistencies, and the utter untenableness in argument, of either the theory of war-demand, or the more generally prevalent doctrine of the paramount influence of alterations in the system of our currency.

APPENDIX.

APPENDIX A.—VOL. I. p. 164.

*Upon the Causes which determine the Rate of Interest.
Extracted from a Publication by the Author, entitled
“Considerations on the State of the Currency.” 1826.*

THE rate of interest may be defined to be that proportional sum which the lender is content to receive, and the borrower to pay, annually, or for any longer or shorter period, for the use of a certain amount of *monied capital**, without any consideration for trouble in the collection of the income, or for risk as to the punctual repayment of the interest or principal at stipulated periods. Whatever is received by the owner of a monied capital for the loan of it, beyond that rate, ought to be considered in the light of a remuneration for risk or trouble.

In this view, the *rate of interest* is the measure of the net profit on capital. All returns beyond this, on the employment of capital, are resolvable into compensations under distinct heads, for risk, trouble, or skill, or for advantages of situation or connexion. When the owner of a capital

* To distinguish, with perfect accuracy, between *monied capital* and *currency*, is a matter of some difficulty, and, perhaps, would require a detailed analysis of every species of mercantile transaction. In ordinary discourse, both *monied capital* and *currency* are called *money*, and the market for *monied* or *disposable capital* is called the *money-market*, and hence much confusion arises from the use of the word *money*, where *monied capital* is meant. M. Say notices this distinction between *money* and *disposable capital*, and the errors to which the confounding of the two terms together has given rise, in his excellent and justly celebrated work *Traité d'Economie Politique*, p. 112. *et seq.*

employs it actively in reproduction, he does not come under the head of those capitalists, the proportion of whom, to the number of borrowers, determines the rate of interest. It is only that class of capitals, the owners of which are unwilling or unable to employ their money actively themselves, which has any immediate influence on the rate of interest.

This is the description of capitals which M. Say calls *Capitaux disponibles*.

The possessors of disposable monied capitals, who operate on the rate of interest as lenders, may be classed under the following heads :

1. Persons, or bodies of persons, trustees, or others, who are precluded by legal or other disability from investing any money which they have to lay out, in any security that is attended with either risk or trouble. Banks, whether corporate, or consisting of private individuals, in as far as they conduct their business according to correct banking principles, may be reckoned under this head. It is perfectly possible that, within certain limits, an increasing proportion of national monied income may be accumulated in the hands of persons or bodies coming under this description, to such an amount that, if the borrowers who have securities to offer, which involve neither risk nor trouble to the lenders, be limited to a certain number, the rate of interest upon such securities may be depressed in almost any degree.* It is clear, in this point of view, that a fall in the rate of interest on the best securities is no criterion of the returns to capital actively employed, which involves the necessity of risk, trouble, and skill. If, by any financial operation, brought about without any intermediate disturbance of property, as, for instance, by an effective sinking fund, our national debt were reduced to one or two hundred millions, it is not inconceivable that any perpetual annuities offered by government, within that amount, would fetch fifty years' purchase, or, in other words, that the rate of interest, all other things remaining the same, would, on such securities, be reduced as low as 2 per cent. per annum.

* It is on this account that an increased issue of Bank of England and other bank notes, in the way of loans to government, or of discount on mercantile bills, contributes to reduce the rate of interest, when there is no corresponding increase of borrowers having the most undoubted security to offer.

A state of war, on the other hand, may easily be supposed to raise the rate of interest by creating a supply of that description of security to a larger amount, and more rapidly, than could be absorbed by the accumulations of the class coming under this head. A rise in the rate of interest is, therefore, a condition for obtaining the requisite funds from the other classes of persons possessing monied capitals.

Hence it may be seen why the rate of interest, as measured by securities involving no risk or trouble, should be lower in peace than in war, without resorting to any difference in the rate of profits, to account for that difference in the rate of interest.

2. Persons who are willing to take some trouble, with little, if any risk, and who invest their monied capitals in mortgages, ground-rents, or in loans on goods and other securities involving the necessity of superintendence, and more or less of trouble and exertion in collecting the annual interest. In proportion to the difficulty of obtaining good securities of this kind, except at a reduced rate of interest, this class would be liable to merge into the next class which will be mentioned.

The prevalence, however, of habits of prudence, and the consequently increasing proportion of the national income accumulating in the hands of this, as well as of the first class, would enable persons possessing skill for the active employment of capital, or enjoying advantages of situation or connexion, and offering sufficient security, to retain a larger portion of the returns, as a compensation for their risk, trouble, and skill. Supposing the whole returns to capital to remain the same, a diminishing proportion might go as the net profit to the monied capitalist, and an increasing one to mercantile, manufacturing, farming, or other professional skill. These returns, beyond the mere interest of money, and beyond what may arise from rent or the monopoly of situation, connexion, &c., M. Say classes under the head of *profits industriels*, as contra-distinguished from *profits de capitaux*; a distinction which our economists might adopt with advantage.

3. Persons who, in order to obtain a higher rate of interest, or a higher price for the use of their monied capitals, are willing to run an extra degree of risk in the investment of them, but without bestowing personal labour,

or possessing any technical knowledge or skill, to qualify them for the active management of such investment.

This is a class, the extent of which could not have been adequately conceived till the experience of late years, in which the success of foreign loans, and mining schemes of the most hazardous nature, proves how many persons there were in this country, who, having some property, were willing to embark it in enterprises of more or less hazard, provided that such enterprises promised on the face of them to yield more than the common rate of interest, without requiring labour or skill. In proportion as the funds of this class have been absorbed in successive payments to the loans and schemes, they must have been withdrawn from the competition with the two first classes of lenders, and this new mode of investment must, consequently, have operated thus far in preventing a fall, if not in occasioning a rise, in the rate of interest on the best securities in this country. At the same time that the progressive reduction in the rate of interest, on the best securities, must have detached many monied capitalists from the two first classes, and brought them into the third. There can be no doubt, therefore, that the fall in the rate of interest, an artificial one as it now appears, was, in some degree, a necessary condition of the success of those loans and schemes to the extent to which they were carried.

The three classes of persons here enumerated as being lenders of monied capital, include those who, being actively engaged in trade, manufactures, or farming, accumulate more than they can re-invest in their own occupation, with the prospect of getting the ordinary rate of interest, after allowing for a remuneration for their labour and risk.

A material consideration to be here borne in mind is, that it is only as long as those capitals are floating, or disposable, that they operate on the rate of interest. When once they are invested, whether for a long or a short time, they are out of the competition of *lendable* capitals, and cease to affect, directly, the rate of interest. Thus, if I have invested my monied capital in the discount of bills, however undoubted in point of security, and at however short a date, that sum is withdrawn from the amount of floating or disposable capital. I may, indeed, if I have a sudden occasion to require so much money for immediate

use, get the bills re-discounted for me; but, then, this sum must be withdrawn from the amount of floating or disposable capital in other quarters.

These being the principal heads under which the lenders of monied capitals may be classed, constituting one of the conditions on which the rate of interest depends, viz., the *supply*, it remains to consider what is the description of the borrowers, who constitute the *demand*. These may be classed as follows:—

1. Persons who have the *prospect* of being able to employ a capital beyond their own funds, in such a manner as to afford a return adequate to remunerate them for their trouble, and skill, and risk, after replacing the amount advanced, together with the sum stipulated for the use of it.

2. Persons who, having embarked the whole of the capital which they possessed, and having entered into engagements which require larger advances, and afford smaller returns than they had anticipated, call for a further sum, of such an amount as their securities or credit enable them to obtain, in order to make up for the deficiency or temporary absence of the returns which they had reckoned upon.

3. Persons who have occasion to borrow, in order to supply the means of unproductive expenditure beyond their income. This head includes a great number of borrowers, having various kinds of securities. It embraces not only those who are proprietors of lands and houses, which admit of being mortgaged, or who have personal security to offer, but the government, which may mortgage the revenues of the state. Under this head may be considered the agents of foreign governments, who may raise loans in this country, or, in more general terms, may offer foreign government securities, which hold out adequate temptation for investment on the part of capitalists in this country.

It is only by a classification of particulars like these, that the causes of variation in the current rate of interest can be extricated from the confusion in which they are involved by the attempts which have been made, in discussions purely scientific, to account for all such variations by the supposition of corresponding alterations in the rate of profit.

The simplest way, as it strikes me, on all such occasions

is, where anything like an analysis can be made, to consider, in the first place, the effect of an alteration in each class of the circumstances under consideration separately, the others remaining the same, and then to trace the influence of any variation in each class on all the others. To do this completely, however, would require a much greater length of discussion than would be consistent with the immediate object of the present inquiry; and I shall content myself with pointing out the manner in which the state of the currency affects the conditions of the rate of interest, and in which the change of these conditions again affects the state of the currency.

Suppose that, at a given time, all these conditions were in their ordinary state, and that the current rate of interest were, consequently, steady, it is very easy, then, to conceive how a sudden increase in the issue of paper, by banks of circulation, may disturb that state of things, notwithstanding that the amount of such increase may be apparently small, when compared with the whole of the national capital; for it is not with the whole, nor even with any considerable part of the national capital, that what I consider as a *nominal* addition to it, by a fresh issue of bank promissory notes, comes in competition. The amount of capital seeking investment, at any given time, may easily be imagined to be so limited, that, what might otherwise appear to be an insignificant sum, may yet be a large proportion of that amount, and may, consequently, produce a great temporary depression in the rate of interest, on that description of security for which it comes directly into competition.

But, in reducing the rate of interest on the best class of securities, this competition drives the possessors of capital seeking investment to the alternative of submitting to a diminished income, or of running a risk which they otherwise would not have done, in the disposal of it. And it is, in most instances, the proprietors of the smaller capitals, being those upon whom the reduction of income presses hardest, who have recourse to the more hazardous investments, whether on comparatively slender private security, or in sleeping partnerships, or in joint-stock companies, or in foreign loans.

It must be evident that the same reduction of interest, which leads the possessors of floating capital to incur an extra risk in their investments, is likely to induce persons

who have credit, and who are in the active employment of capital, to extend their engagements, if there be any speculative ground for anticipating an advance of prices. This they may do, either by purchases on credit, to a greater extent than usual, or by borrowing at the reduced rate of interest. If the reduction in the rate of interest, and the facility of credit thence arising, should coincide with a tendency from other causes, to a speculative rise of prices, and with the opening of new fields for enterprise, there will naturally be a great extension of the demand for the loan of capital, by borrowers under the first head.

In the period, however, the consideration of which will form the chief subject of the present inquiry, the increase of borrowers under that head, in consequence of the disposition to speculate, and to form joint-stock companies, had not any immediate or very sensible effect in raising the rate of interest: it merely prevented the greater fall, which, otherwise, must have been occasioned by the immense augmentation of paper, or *nominal* capital*, which was created during that period, as will be hereafter more particularly noticed. The supply of *nominal* capital was increased, during that period, in a ratio equal to, if not beyond, that of the immediate increase of demand, great as it was.

In the early progress of a general speculation, the immediate absorption of capital is comparatively small. The increased demand for capital by the class of borrowers described under the first head, may not only not outrun

* A distinction is to be made between *capital* in the scientific use of the term, as applied to the actual funds destined for re-production, consisting of raw materials, &c.; and *monied capital*. In a settled or uniform state of the currency, however, and in the ordinary use of credit, these two terms may be considered as identical or convertible. But, during the progress of increased issues of paper, there is a factitious increase of *monied capital*; this may be called *nominal*, which comes in competition with the pre-existing *monied capital*; and it is while in this state of increase that it operates upon the rate of interest. It cannot enter into circulation otherwise than by reducing the rate of interest, other things remaining the same; as it must inevitably, at the time it is issued, increase the number of lenders, or diminish the number of borrowers. When the amount of the currency has become settled, for any length of time, at a particular level, it is immaterial, as relates to the rate of interest, whether the level of the currency be at one half or at double of its former value: the rate of interest will then be governed entirely by the supply of, and demand for, capital, as resulting from circumstances independent of the currency.

the increased supply of *nominal* capital, created by an enlargement of the circulating medium, so as to produce a rise in the rate paid for the use of such capital, but the enlargement of the circulating medium may be, and, indeed, commonly is, under such circumstances, so large as to produce a *fall* in the rate of interest. But the case, in the further progress and termination of a general speculation, is widely different.

There is, then, an immense increase in that class of borrowers which comes under the second head; and, in proportion as the facility of obtaining credit, as indicated by a low rate of interest, has been such as to give great latitude to speculation, there will be an increased demand for capital, and the intensity of the demand will be indicated by a great rise in the rate of interest. The demand is no longer limited, as it was, by the prospect of advantage to be made by the outlay of the capital, after defraying the rate required for the use of it; it is now limited only by the utmost extent of the securities of every description, which all persons who have entered into engagements beyond their own immediately available or convertible capital can bring forward. If, therefore, the *nominal* amount of capital were the same as it had been when the disposition to overtrade was at its height, there would, by the rapidly increasing absorption of funds, and the consequently urgent wants of the borrowers, be a considerable rise in the rate of interest. "No complaint (observes Dr. A. Smith, *Wealth of Nations*, vol. ii. p. 151-52.) is more common than that of a scarcity of money. Money, like wine, must always be scarce with those who have neither wherewithal to buy it, nor credit to borrow it. Those who have either, will seldom be in want of the money, or of the wine, which they have occasion for. This complaint, however, of the scarcity of money, is not always confined to improvident spendthrifts; it is sometimes general through a whole mercantile town and the country in its neighbourhood: *overtrading* is the common cause of it. Sober men, whose projects have been disproportioned to their capitals, are as likely to have neither wherewithal to buy money, nor credit to borrow it, as prodigals, whose expense has been disproportioned to their revenue. Before their projects can be brought to bear, their stock is gone, and their credit with it. They run about everywhere to borrow

money, and every body tells them that they have none to lend."*

* Notwithstanding this very clear exposition of the manner in which overtrading produces a scarcity of money, and a difficulty of borrowing, or, in other words, a rise in the rate of interest, Dr. Smith has been led by the hypothesis of the identity of a high rate of interest with high profits, to convey, in the following passage, an erroneous impression as to the state of things in our commercial history at the period to which he alluded. "For some time," he observes, "after the conclusion of the late war (1763), not only private people, of the best credit, but some of the greatest companies in London, commonly borrowed at 5 per cent., who, before that, had not been used to pay more than 4 and $4\frac{1}{2}$ per cent. The great accession, both of territory and trade, by our acquisitions in North America and the West Indies, will sufficiently account for this, without supposing any diminution in the capital stock of the society. So great an accession of new business to be carried on by the old stock must necessarily have diminished the quantity employed in a great number of particular branches, in which the competition being less, the profits must have been greater." (Vol. i. chap. 9.)

Now, the real state of the facts connected with the rise in the rate of interest at that period is, that, whether in consequence of the transition from war to peace, or from any peculiar circumstances which had previously favoured general overtrading, connected with an unduly extended circulation of mercantile paper, particularly on the Continent of Europe, a great revulsion of commercial credit occurred at the precise period referred to. And the advance in the rate of interest lasted only during the interval which usually elapses in cases of this kind, before the effects of such a crisis, in diminishing the competition of disposable monied capitals, can have subsided. If the rise in the rate of interest had been merely the consequence of more profitable employment of money in the new colonies, there is no reason why the rate should have fallen as it did in a year or two after, for it would be no difficult matter to show that the real employment, the actual outlay and absorption of British capital in that direction, must have been much greater in the third and fourth years, than in the two first years after the peace.

Some notices have been inserted (vol. i. p. 150.) of the derangement of credit which prevailed, in 1763, among the principal trading towns of the Continent of Europe†, and a derangement of such extent could not fail of communicating its effects to this country, as, indeed, it appears to have done. The following is a statement of the increase of bankruptcies :—

1762	-	-	-	205
1763	-	-	-	233
1764	-	-	-	301

† George Chalmers, in his *Estimate*, thus notices the commercial discredit of that period :— "The failures which happened at Berlin, at Hamburg, and in Holland, during July, 1763, communicated dismay and distrust to every commercial town on the European Continent." (p. 134., edit. of 1802.)

But coincidently with, and partly arising out of, the very circumstances which entail a recoil of the speculation, and a consequent increase of the number of borrowers, is the occurrence of a great diminution of the amount of disposable or monied capital. All that part of the *nominal* capital which arose out of the increase of the circulating medium, beyond what the ultimate reference and necessary subsidence to a level with the value of gold, in the rest of the commercial world, could admit of being retained in circulation, is swept away by the process which I have, on former occasions, described. Not only is there a very great diminution of the amount of disposable capital, from this cause, but a further reduction must be allowed for, from the large proportion of persons, bankers and others, who having, in ordinary times, and during the general prevalence of prudence in the conduct of business, confined themselves to the safest and most convertible securities, have been tempted, if not driven by the low rate of interest, into loans on doubtful or inconvertible securities, and, perhaps, into engagements by which they are themselves brought into the class of borrowers.

Thus, while the demand for capital is increased in a very great degree, the supply of it is diminished, not only relatively to the increased demand, but to the former amount of supply. There can, therefore, be no difficulty in such cases in accounting for the great rise in the rate of interest. And this process has been strikingly exemplified in the recent state of the money-market.

In 1764, exchequer bills, paying 4 per cent. per annum, fell below par, and navy bills were at 94 per cent. discount; and 3 per cent. consols, which, in March, 1763, had been at 96., fell, in October, 1764, to 80. But, in 1765, exchequer bills, of which a fresh issue had been made, bearing 3 per cent. per annum interest, were generally about, and sometimes above, par; and the 3 per cent. consols rose to 92. (*Grelleir On the National Debt*, and Sir John Sinclair's work *On the Revenue*.) Here is a great fall in the interest of money, without the shadow of any other ground for inferring that the employment of capital had become, in a national point of view, less profitable. On the contrary, as the increase of trade and manufactures, and of agriculture and population, seems to have been at least as rapid in 1765-66 as in the two preceding years; and such increase being the only intelligible criterion of the progress of national wealth, or of the power of accumulation, as arising out of the surplus of national income, I consider that both the direct and the presumptive proofs are against the inference drawn by Adam Smith, that the high rate of interest at the period referred to by him was the consequence of an extended field offered by the peace for a more profitable employment of capital.

APPENDIX B. — Vol. I. p. 184.

Description of the Seasons of 1794 and 1795, extracted from a Publication by Mr. Burke, entitled "Thoughts and Details on Scarcity," written in November, 1795.

"With regard to the harvest of 1794, in relation to the noblest grain, wheat, it is allowed to have been somewhat short, but not excessively, and in quality, for the seven-and-twenty years, during which I have been a farmer, I never remember wheat to have been so good. The world were, however, deceived in their speculations upon it—the farmer as well as the dealer. Accordingly, the price fluctuated beyond any thing I can remember; for, at one time of the year, I sold my wheat at 14*l.* per load (I sold off all I had, as I thought this a reasonable price), when, at the end of the season, if I had then had any to sell, I might have got thirty guineas for the same sort of grain. I sold all that I had at a comparatively low price, because I thought it a good price, compared with what I thought the general produce of the harvest; but when I came to consider what my own total was, I found that the quantity had not answered my expectation. It must be remembered, that this year of produce (the year 1794), short, but excellent, followed a year, 1793, which was not extraordinary in production, nor of a superior quality, and left but little in store. At first, this was not felt, because the harvest came in unusually early—earlier than common by a full month. The winter at the end of 1794 and beginning of 1795 was more than usually unfavourable both to corn and grass, owing to the sudden relaxation of very rigorous frosts, followed by rains, which were again rapidly succeeded by frosts of still greater rigour than the first.

"Much wheat was utterly destroyed. The clover grass suffered in many places. What I never observed before, the rye grass, or coarse bent, suffered more than the clover. Even the meadow-grass in some places was killed to the very roots. In the spring, appearances were better than we expected. All the early sown grain recovered itself and came up with great vigour; but that which was late sown was feeble, and did not promise to resist any blights in the spring, which, however, with all its unpleasant vicissitudes, passed off very well; and nothing looked better than

the wheat at the time of blooming: but at that most critical time of all, a cold, dry, east wind, attended with very sharp frosts, longer and stronger than I recollect at that time of year, destroyed the flowers, and withered up in an astonishing manner the whole side of the ear next to the wind. At that time I brought to town some of the ears, for the purpose of showing to my friends the operation of those unnatural frosts, and according to their extent I predicted a great scarcity. But such is the pleasure of agreeable prospects, that my opinion was little regarded.

“On threshing, I found things as I expected—the ears not filled, some of the capsules quite empty, and several others containing only withered hungry grain, inferior to the appearance of rye. My best ears and grains were not fine; never had I a grain of so low a quality—yet I sold one load for 21*l*. At the same time I bought my seed wheat (it was excellent) at 23*l*. Since then the price has risen, and I have sold about two load of the same sort at 23*l*. Such was the state of the market when I left home last Monday. Little remains in my barn. I hope some in the rick may be better, since it was earlier sown, as far as I can recollect. Some of my neighbours have better, some quite as bad, or even worse. I suspect it will be found that wherever the blighting wind and those frosts at blooming-time have prevailed, the produce of the wheat crop will turn out very indifferent. Those parts which have escaped will, I can hardly doubt, have a reasonable produce. As to the other grains, it is to be observed, as the wheat ripened very late (on account, I conceive, of the blights), the barley got the start of it, and was ripe first. The crop, with me and wherever my inquiry could reach, was excellent, in some places far superior to mine. The clover which came up with the barley was the finest I remember to have seen. The turnips of this year (1795) are generally good. The clover sown last year, where not totally destroyed, gave two good crops, or one crop and a plentiful feed; and, bating the loss of the rye grass, I do not remember a better produce.

“The meadow-grass yielded but a middling crop, and neither of the sown or natural grass was there in any farmer’s possession any remainder from the year, worth taking into account; in most places there was none at all. Oats with me were not in a quantity more considerable than in commonly good seasons. But I have never known

them heavier than they were in other places. The oat was not only a heavy but an uncommonly abundant crop. My ground under peas did not exceed an acre or thereabouts, but the crop was great indeed. I believe it is throughout the country exuberant. It is, however, to be remarked, that as generally of all the grains, so particularly of the peas, there was not the smallest quantity in reserve. The demand of the year must depend solely on its own produce; and the price of the spring corn is not to be expected to fall very soon, or at any time very low. Uxbridge is a great corn market. As I came through that town I found that at the last market day, barley was at 40s. a quarter; oats there were literally none, and the innkeeper was obliged to send for them from London. I forgot to ask about peas. Potatoes were 5s. the bushel. In the debate on this subject in the House, I am told that a leading member of great ability, little conversant in these matters, observed, that the general uniform dearness of butcher's meat, butter, and cheese, could not be owing to a defective produce of wheat; and on this ground insinuated a suspicion of some unfair practice on the subject, that called for inquiry. Unquestionably, the mere deficiency of wheat could not cause the dearness of the other articles, which extends not only to the provisions he mentioned, but to every other, without exception.

“The cause is indeed so very plain and obvious, that the wonder is the other way. When a properly directed inquiry is made, the gentlemen who are amazed at the price of these commodities, will find, that when hay is at six pounds a load, as they must know it is, herbage, and for more than one year, must be scanty; and they will conclude, that if grass be scarce, beef, veal, mutton, butter, milk, and cheese, must be dear.

“But, to take up the matter somewhat more in detail; if the wheat harvest in 1794, excellent in quality, was defective in quantity, the barley harvest was in quality ordinary enough, and in quantity deficient. This was soon felt in the price of malt. Another article of produce (beans) was not at all plentiful. The crop of peas was wholly destroyed, so that several farmers pretty early gave up all hopes on that head, and cut the green haulm as fodder for the cattle, then perishing for want of food in that dry and burning summer. I myself came off better than most—I had about the fourth of a crop of peas. It will be recol-

lected that, in a manner, all the bacon and pork consumed in this country (the far largest consumption of meat out of towns) is, when growing, fed on grass, and on whey or skimmed milk; and, when fattening, partly on the latter. This is the case in the dairy countries, all of them great breeders, and feeders of swine; but, for the much greater part, and in all the corn countries, they are fattened on beans, barley-meal, and peas. When the food of the animal is scarce, his flesh must be dear. This, one would suppose, would require no great penetration to discover. This failure of so very large a supply of flesh in one species, naturally throws the whole demand of the consumer on the diminished supply of all kinds of flesh, and, indeed, on all the matters of human sustenance. Nor, in my opinion, are we to expect a greater cheapness in that article for this year, even though corn should grow cheaper, as it is to be hoped it will. The store swine, from the failure of subsistence last year, are now at an extravagant price. Pigs, at our fairs, have sold lately for fifty shillings, which two years ago would not have brought more than twenty. As to sheep, none, I thought, were strangers to the general failure of the article of turnips last year; the early having been burned as they came up by the great drought and heat; the late, and those of the early which had escaped, were destroyed by the chilling frosts of the winter, and the wet and severe weather of the spring. In many places a full fourth of the sheep or the lambs were lost; what remained of the lambs were poor and ill-fed, the ewes having had no milk. The calves came late, and they were generally an article, the want of which was as much to be dreaded as any other. So that article of food, formerly so abundant in the early part of the summer, particularly in London, and which in a great part supplied the place of mutton for near two months, did little less than totally fail.

“All the productions of the earth link in with each other. All the sources of plenty in all and every article were dried or frozen up. The scarcity was not, as gentlemen seem to suppose, in wheat only.

“As to the lesser articles, they are like the greater. They have followed the fortune of the season. Why are fowls dear? Was not this the farmer's or jobber's fault? I sold from my yard to a jobber six young and lean fowls, for four-and-twenty shillings; fowls, for which two years ago the same man would not have given a shilling a piece.

He sold them afterwards at Uxbridge, and they were taken to London to receive the last hand.

“As to the operation of the war in causing the scarcity of provisions, I understand that Mr. Pitt has given a particular answer to it; but I do not think it worth powder and shot.” (Page 33.)

APPENDIX C. — VOL. II. p. 338.

Letter addressed to the Author by James Pennington, Esq.

DEAR SIR,

It was the principal object of the paper of observations, which you did me the honour to append to your published letter to Lord Grenville, to illustrate the principle on which the deposits of the London bankers are formed, and the mode in which they act; to show that they are susceptible of considerable increase, or diminution, without a corresponding enlargement or contraction of the basis on which they rest; and that, consequently, the quantity of money in the metropolis may be greater, or less, at one time than another, although the circulation of the Bank of England should remain uniformly the same.

I did not attempt, in that paper, to explain all the various circumstances which tend to augment, or to lessen, the amount of the deposits. My object was to show that the book credits of a London banker, and the promissory notes of a country banker, are essentially the same thing; that they are different forms of the same kind of credit; and that they are employed to perform the same functions.

It never occurred to me, as appears to have been supposed by Colonel Torrens, that every million of notes issued by the Bank of England forms the basis of five millions of deposits; and that every million withdrawn from circulation, by the Bank, occasions a five-fold diminution of those deposits. On the contrary, it is perfectly consistent with my view of the subject, to suppose that the deposit accounts of the London bankers may be materially diminished, while the circulation of the Bank of England is greatly enlarged, or *vice versa*.

Colonel Torrens, in his published letter to Lord Melbourne, appears to have fallen into some misapprehension on this head.

He thinks that if, between December, 1833, and March, 1834, the Bank of England had contracted its circulation to the extent of 1,447,000*l.*, that contraction would have occasioned a diminution of the book-credit circulation of the metropolis of five times that amount.

In this statement he appears to have overlooked the circumstance, that, of the outstanding notes of the Bank of England, by far the largest portion is not in the hands of the London bankers, but in the hands of those the nature and routine of whose business do not require the employment of a banker ; and that when a million of notes are cancelled by bullion payments, it is probable that the greatest part of that amount is finally withdrawn, not from the hands of the bankers, but from the external circulation.

It has been objected to the views which I endeavoured to explain, that as the amount of deposits left in the hands of a banker depends upon the pleasure and convenience of the depositors, the banker has no power to increase the quantity of money in circulation, without increasing or diminishing the fund which he reserves to meet the occasional demands of the depositors.

This is true : and it is equally true that, as the amount of notes which a bank of circulation is able to keep out depends upon the convenience and the willingness of those into whose hands they fall to hold them, the quantity of outstanding paper money is necessarily limited by that circumstance.

But the question is, whether the pleasure and the convenience of the depositors, and the will and the disposition of the note holders, are susceptible, at different times, of any material alteration in this respect ; and, if they are, whether the deposit banks, and the circulating banks, can turn that alteration to their own advantage without encroaching on their reserved fund.

In order to determine this question, it is necessary to examine the circumstances that limit the amount of deposits, and of outstanding notes.

It has been correctly stated, by more than one writer on this subject, that the quantity of money in circulation is limited by the necessity which every one feels, or the endeavour which every one uses, to keep at his banker's, in his till, or in his pocket, no greater sum than he deems to be sufficient to answer current and occasional demands. One person keeps 5000*l.* for this purpose ; another 500*l.*

another 100l.; and so on, to a few sovereigns, or a few shillings.

The aggregate amount of the money so kept forms the sum total of the money in circulation.

Now, if all the circulating banks simultaneously issue a greater amount of notes than can be absorbed in this way, some person, or many persons, must have in their possession a greater sum of money than is sufficient for current purposes.

Of this excess the ultimate corrective is the foreign exchange. A considerable time may, however, elapse before the check begins to operate. The foreign exchange is affected only through the medium of prices, or of the rate of interest; but an unusual abundance of money does not always produce a general rise of prices. It is quite possible, indeed, that contemporaneously with that abundance, the prices of commodities may be generally low. The increased issue of paper may fall into the hands of those who, from habit and inclination, are averse from investing their money savings in commodities, or services, with a view to reproduction and to profit; but whose desire it is to employ the money which comes into their hands, over and above their own personal and unproductive expenditure, in such a way as will bring to them an increased income, with as little risk and trouble as possible. But the opportunity of so employing this surplus money may not immediately occur. The amount of the public funds, in time of peace, is generally stationary or diminishing. If, therefore, one person determine, however high may be the price, to invest his money savings in the public funds, another person must necessarily be forced out; and the money, in the shape of Bank notes, or of book credits, may still remain waiting for an investment.

In such a state of things, there frequently prevails great dulness of demand for commodities, and a low rate of interest.

In the long run, however, it is probable that, either in consequence of an actual or prospective rise of prices, or in consequence of the demand of the saving class of the community for foreign stocks and foreign investments, the foreign exchange will become depressed, and a demand for metallic money for exportation be created; which demand, the bankers will be obliged, directly or indirectly, to satisfy. A contraction of the currency will then in all probability take place, and the redundant money disappear.

It thus appears that the promissory notes of the provincial bankers, and the book credits of the London bankers, may be issued to a greater extent than is necessary for the purpose of internal interchange; that the surplus of money, so created, may remain inert for a considerable time, without raising the prices of commodities, or affecting the foreign exchange; and that the ultimate corrective of the excess is a demand for, and exportation of, metallic money.

It may perhaps be said, that although circulating banks may occasionally issue an excessive quantity of paper, in the manner above described, it is impossible that the London banks, which are merely banks of deposit, can err in this respect. *They* can only lend to others the money which has been previously lent to them. *They* do not create paper money; they only employ, in discounting bills of exchange, or in advances upon securities bearing interest, the metallic or the paper money which has been placed in their hands for the purpose of facilitating the money transactions of the depositors. *They* are merely cashiers.

But although the London bankers do not issue promissory notes, is it quite certain that they do not create "promises to pay," which perform the functions, and serve all the purposes of promissory notes, and which may be increased without intrenching on their reserved fund, or diminished without adding to it?

What takes place when a London banker, or a country banker, discounts a bill of exchange?

When a London banker discounts a bill of exchange, he gives credit for the amount of the bill, less the interest, for the period which the bill has to run, in an account opened in his ledger: when a country banker discounts a bill of exchange, he pays the amount of the bill, less the interest, in promissory notes. In both cases payment from the banker of the amount of the bill, less the discount, may be immediately demanded in gold, or in Bank of England notes.

It may be said, that unless the person in whose favour the advance is made allows the money to remain in deposit, the London banker will immediately be called upon for payment; while the notes of the country banker may remain, for a considerable time, outstanding.

But does it necessarily follow, that if a cheque be drawn

upon the London banker for the amount of the advance, he will be obliged to intrench upon his reserved fund? The cheque may be paid into his hands by some other depositor, and placed at the credit of that other depositor; in which case, other things remaining the same, the whole amount of the book credits of that banker will be increased to the extent of this new advance. And even if the cheque be paid into the hands of some other banker, the amount of the book credits of the banker who has paid the cheque will not be diminished, while the book credits, as well as the reserved fund of the banker, to whom it is paid, will be increased by its amount.

Now, precisely the same train of circumstances may happen with regard to the notes of a country banker. In the first instance he issues fresh notes for the amount of the bill discounted. So long as these additional notes remain in circulation, he is precisely in the situation of a London banker to whom a cheque upon himself has been paid by a depositor.

But the additional notes may fall into the hands of a neighbouring bank; in which case the banker who issued them will be called upon for their discharge; and the reserved fund of the banker into whose hands they had fallen will be increased by the amount of the notes.

In consequence of this accession to his reserved fund, the second banker will be enabled to enlarge his issues; and thus the quantity of circulating paper may be augmented.

The converse of these operations may take place. The new advances, instead of being again deposited or circulated in the form of notes, may be employed in the discharge of securities previously in the possession of the bank; in which case there will be no augmentation of money.

Moreover, some of the deposits or notes already outstanding may be employed in the same way; in which case there will be a diminution of the quantity of money, unless the cancelled notes or cancelled deposits be reinstated by fresh discounts and fresh advances.

It does not appear to me that this reasoning is affected by an observation which I have sometimes heard, that circulating banks have frequently the power to force out and extend their issues of notes, while the London bankers are generally passive in this respect, and allow their book credit circulation to be increased, or diminished, by some

extrinsic force which they themselves have not been directly instrumental in producing.

That there may occasionally be some difference in the practical working of the two kinds of machinery I may readily admit, and yet still maintain that the character and object of both are essentially the same; that both the one and the other are substitutes for a metallic currency, and are susceptible of considerable increase or diminution, without a corresponding enlargement or contraction of the basis on which they rest.

But is it true, in point of fact, that the one has constantly and uniformly an advantage over the other in this respect? Has it not sometimes happened that, while the country bankers have found it impossible to increase their issues of notes, but on the contrary have been obliged to curtail them, the London bankers have been able to continue their usual operations, and even to extend them?

You, who are accurately acquainted with all the material facts and circumstances of our past commercial history, can answer these questions. I apprehend the truth to be, that each mode of circulation is affected by a variety of circumstances which do not always simultaneously affect both.

Permit me, in this place, to notice some observations that have been published on this subject.

With the view of explaining the principle and the operations of a bank of deposit, it has been said that the deposits left by individuals in the hands of a banker are *monied capital*, of which the functions are performed by a comparatively small sum of money; and that the banker is compensated for his trouble by employing, for his own benefit, that portion of the deposits which is not used by the depositor.

Of the meaning of the expression *monied capital*, no explanation is given. If metallic money is not intended by it, the expression can mean only land, houses, merchandise, and other things of a like nature, in which what is called monied capital consists; for surely it cannot mean the parchment, or the paper, on which the right to, or the interest in, the property referred to, is recorded. The banker may not be able to point out a single tangible and visible object on which any part of the written securities in his possession finally depends. Still, those securities (if they are good securities), whether consisting of bills,

bonds, mortgage deeds, or pledges of stock, have reference to property in which the deposits left in the hands of a banker are actually invested.

If this is a correct view of the matter, the expression, "monied capital," in the observations referred to, means certain muniments of title which are readily convertible, by sale or otherwise, into metallic money at the pleasure of the holder.

The result then is, that the deposits in the hands of a banker consist of debts of that banker to the depositors, against which debts he holds a small sum of money and other debts and obligations, which are finally resolvable into some tangible and visible object, its usufruct, or its produce.

In this sense of the term "monied capital," it may be admitted that the deposits in the hands of a banker are monied capital.

In a like sense it must be admitted that the promissory notes of a circulating bank are monied capital, which monied capital, if traced out to the things in which it is really invested or embodied, will be found to consist of houses, land, merchandise, &c., into which certain debts in the form of bankers' promissory notes are finally resolvable.

What is meant when it is said that the *functions* of this capital are performed by a small sum of money, is not quite so obvious.

The facts of the case are, however, sufficiently obvious.

A banker knows, from experience, that, although most of the debts which he owes are payable on demand, payment of a comparatively small portion of them is likely to be suddenly demanded. Of the funds entrusted to him he reserves, therefore, in the form of cash, no greater sum than he deems to be sufficient to answer that small amount of demand. This reserved cash performs no other function than the occasional payment of some of the debts owing by the banker.

I must here again beg to observe, that although the transferable book debts and the promissory notes of bankers are employed as a substitute for metallic money, it does not follow that every increase or diminution of their amount will necessarily affect prices of commodities in a degree commensurate with that increase or diminution. It may, and often does, happen that a larger portion than usual of the actual amount has fallen into the hands, or is at the

disposal of, persons who are unwilling for a season to bring their money funds to market. When this is the case, then — given the quantity of book credit money, and of notes — if those who are indisposed to come to market with their money have a larger share than usual, others must have a less share than usual.

This state of things may occur in a country of which the currency is exclusively metallic. When it does occur, prices are generally low, and the exchanges favourable to an influx of the metals.

It may, moreover, be observed, that the substitution of transferable book debts for metallic money induces, by the facility of transfer, and the safe custody which it affords, many persons to keep at their disposal much larger balances of money than they would be disposed to keep if the currency were wholly metallic. These extra balances render the quantity of money, or what answers all the purposes of money, much greater in this country than it probably would be if the currency consisted exclusively of coin. They are not to be regarded as so much unemployed capital. The capital which they represent exists in a tangible form somewhere; they are credits available at a moment's notice by the parties in whose favour they are given. They do not act upon the prices of commodities, or of securities, unless they are brought out. They are merely so much dormant credit. The large sums lodged, at interest, in the Scotch, and in many of the provincial banks, are of this description, with this difference, that they are not payable on demand without previous notice to the banker.

It remains to consider the deposits of the Bank of England, and to enquire in what respect they differ from its note circulation. It may be proper to consider them under the following heads: —

1. Deposits of Government.
2. Deposits of the London bankers.
3. Drawing accounts.

The most important question that occurs with regard to these deposits is this: — Upon which of them, and in what degree, is a demand for gold, when it arises either from the internal wants of the country, or from an unfavourable balance of trade, likely to fall; and what effect is that demand likely to have upon the note circulation of the Bank?

Let us take them in their order.

1. The Government balances.

Of these the aggregate amount varies; first, in consequence of the greater or less productiveness of the public revenue compared with the expenditure; and secondly, because, when the income and expenditure are, on the whole, even, the former is not, for short periods of time, commensurate with the outgoings. From these causes, and in consequence of the necessity of a strict adherence to the rules of parliamentary appropriation, the Government balances are subject to temporary fluctuations. But as the variations, in the course of the year, usually compensate each other, their effect on prices, or on the rate of interest, and, through prices or the rate of interest, on the foreign exchange, is too inconsiderable to deserve notice.

When the revenue is surplus, the excess is brought into circulation through the medium of the sinking-fund, or is applied to the redemption of quarterly deficiency bills, agreeably to the provisions of the Act of 10 Geo. IV., cap. 27.

When the revenue is deficient, the deficiency must be made good in some other way than by a direct advance from the Bank of England, or the general circulation will, no doubt, be artificially enlarged.

2. Deposits of the London bankers.

These constitute part of the reserved fund of the London bankers, which it may be presumed is kept in deposit at the Bank solely to suit the convenience of the bankers, the custody of the Bank being preferred to that of their own iron chests.

The increase or diminution of these balances depends upon the general state of the money circulation of the metropolis. If, during the prevalence of an unfavourable foreign exchange, the balances are reduced by cheques drawn upon the Bank, and finally by payments in gold, for exportation, then — unless the bankers themselves export the gold on their own account, which seldom or never happens — the balances due to their various depositors, and consequently the quantity of money in the metropolis, is as effectually reduced as if the outstanding notes of the Bank were reduced by the redemption of securities in its possession, and the bankers' deposits at the Bank to remain unaltered.

On the other hand, during the prevalence of a favourable foreign exchange, and the consequent influx of gold from abroad, whether the imported gold is held by the bankers,

or placed by them in deposit at the Bank, the quantity of money in the metropolis is as effectually increased as it would be if the Bank of England were to give notes in exchange for the gold.

3. Drawing accounts.

These are to be regarded exactly in the same light as so many drawing accounts kept with private bankers; they are transferable book-debts in a constant state of active circulation.

The propriety and expediency of separating the deposit department from the circulating department of the Bank, have lately been suggested in the belief that such a separation would render the operations of the Bank more conformable to certain rules, the strict observance of which, it is supposed, can alone make the currency vary exactly as it would do if it were wholly and exclusively metallic.

It is proposed that the circulating department shall hold a fixed amount of securities, and that its issue of notes beyond that amount shall be confined to the exchange of gold for notes, and notes for gold, with a few exceptions of no essential or material importance.

It is further proposed that the deposit department shall be free to employ its funds in whatever manner is most conducive to profit, and at the same time consistent with prudence and good management.

Although there is at present, I apprehend, no confusion of accounts between the two departments, yet so complete a separation of them as that which has been suggested, could not well be effected without a more formal division of debts and assets than mere book-keeping can accomplish. Whether a deposit bank upon so large a scale as that of the Bank of England could be so conducted as to prevent considerable fluctuations in the value of the currency, I own I have considerable doubts.

I am, dear Sir,

Very faithfully yours,

JAMES PENNINGTON.

Clapham, April 10. 1838.

An Account of the Average Market Price of Bullion in each Year, from 1800 to 1821 (taken from official Documents), of the Average Value per Cent. of the Currency, estimated by the Market Price of Gold for the same Period, and of the Average Depreciation per Cent.

Years.	Average Price of Gold per oz.	Average per Cent. of the Value of the Currency.	Average Depreciation per Cent.	Years.	Average Price of Gold per oz.	Average per Cent. of the Value of the Currency.	Average Depreciation per Cent.
1800	£ s. d. 3 17 10½	£ s. d. 100 0 0	£ s. d. Nil.	1811	£ s. d. 4 4 6	£ s. d. 92 3 2	£ s. d. 7 16 10
1801	4 5 0	91 12 4	8 7 8	1812	4 15 6	79 5 3	20 14 9
1802	4 4 0	92 14 2	7 5 10	1813	5 1 0	77 2 0	22 18 0
1803	4 0 0	97 6 10	2 13 2	1814	5 4 0	74 17 6	25 2 6
1804	4 0 0	97 6 10	2 13 2	1815	4 13 6	83 5 9	16 14 3
1805	4 0 0	97 6 10	2 13 2	1816	4 13 6	83 5 9	16 14 3
1806	4 0 0	97 6 10	2 13 2	1817	4 0 0	97 6 10	2 13 2
1807	4 0 0	97 6 10	2 13 2	1818	4 0 0	97 6 10	2 13 2
1808	4 0 0	97 6 10	2 13 2	1819	4 1 6	95 11 0	4 9 0
1809	4 0 0	97 6 10	2 13 2	1820	3 19 11	97 8 0	2 12 0
1810	4 10 0	86 10 6	13 9 6	1821	3 17 10½	100 0 0	Nil.

An Account of the Debts and Assets (exclusive of the Bank Capital) of the Bank of England, exhibiting, on the one hand, the Amount of Bank Notes, Post Bills, &c. in Circulation, and of the public and private Deposits in the Hands of the Bank; and, on the other, the Amount of the various public and private Securities, and of the Bullion held by the Bank, on the 31st of August, in each Year, from 1778 to 1831 inclusive. — (From the *Appendix, No. 5. of Report on Bank Charter.*)

31 August, 1778.	£	31 August, 1778.	£	£
Circulation - -	6,758,070	Securities - { Public -	6,540,433 }	9,627,970
Deposits - -	4,715,580	Bullion - { Private -	3,087,537 }	3,128,420
	11,473,650	- - - Rest, 1,282,740 <i>l.</i>		12,756,390
31 August, 1779.		31 August, 1779.		
Circulation - -	7,276,540	Securities - { Public -	7,493,649 }	9,849,840
Deposits - -	5,201,040	Bullion - { Private -	2,356,191 }	3,963,300
	12,477,580	- - - Rest, 1,355,560 <i>l.</i>		13,833,140
31 August, 1780.		31 August, 1780.		
Circulation - -	6,341,600	Securities - { Public -	6,740,514 }	10,345,540
Deposits - -	6,655,800	Bullion - { Private -	3,605,026 }	4,179,370
	12,997,400	- - - Rest, 1,527,510 <i>l.</i>		14,524,910
31 August, 1781.		31 August, 1781.		
Circulation - -	6,309,430	Securities - { Public -	6,609,457 }	11,110,510
Deposits - -	5,921,650	Bullion - { Private -	4,501,053 }	2,862,590
	12,231,080	- - - Rest, 1,745,040 <i>l.</i>		13,973,100
31 August, 1782.		31 August, 1782.		
Circulation - -	6,759,310	Securities - { Public -	8,987,573 }	13,463,790
Deposits - -	6,739,450	Bullion - { Private -	4,496,217 }	1,956,550
	13,518,760	- - - Rest, 1,921,580 <i>l.</i>		15,440,340
30 August, 1783.		30 August, 1783.		
Circulation - -	6,307,270	Securities - { Public -	9,566,037 }	13,841,800
Deposits - -	6,105,650	Bullion - { Private -	4,375,763 }	590,080
	12,412,920	- - - Rest, 2,018,960 <i>l.</i>		14,431,880
31 August, 1784.		31 August, 1784.		
Circulation - -	5,592,510	Securities - { Public -	8,435,777 }	12,524,380
Deposits - -	6,267,130	Bullion - { Private -	4,088,603 }	1,539,830
	11,859,640	- - - Rest, 2,204,570 <i>l.</i>		14,064,210
31 August, 1785.		31 August, 1785.		
Circulation - -	6,570,650	Securities - { Public -	6,725,891 }	9,244,500
Deposits - -	6,252,030	Bullion - { Private -	3,218,679 }	5,48 ½
	12,822,680	- - - Rest, 2,608,930 <i>l.</i>		15,431,610
31 August, 1786.		31 August, 1786.		
Circulation - -	8,184,330	Securities - { Public -	7,386,211 }	10,779,780
Deposits - -	5,867,240	Bullion - { Private -	2,274,500 }	6,311,030
	14,051,570	- - - Rest, 2,638,200 <i>l.</i>		16,689,830

PRICES OF GOLD AND

Amount of Notes in Circulation, and Deposits, and Securities held by the Bank — *continued.*

31 August, 1787.		£	31 August, 1787.		£
Circulation - -	-	9,585,790	Securities - { Public -	8,065,908 }	11,853,660
Deposits - -	-	5,031,540	Bullion - { Private -	3,787,357 }	6,993,000
		15,517,580	- - - Rest, 2,829,400l.		18,146,660
30 August, 1788.			30 August, 1788.		
Circulation - -	-	10,008,880	Securities - { Public -	8,840,068 }	11,570,320
Deposits - -	-	5,528,640	Bullion - { Private -	2,730,252 }	6,899,160
		15,531,520	- - - Rest, 2,937,960l.		18,469,480
31 August, 1789			31 August, 1789.		
Circulation - -	-	11,121,800	Securities - { Public -	9,661,859 }	11,697,760
Deposits - -	-	6,402,450	Bullion - { Private -	2,035,901 }	8,645,860
		17,524,250	- - - Rest, 2,819,370l.		20,343,620
31 August, 1790.			31 August, 1790.		
Circulation - -	-	11,433,940	Securities - { Public -	10,047,257 }	12,003,520
Deposits - -	-	6,199,900	Bullion - { Private -	1,986,263 }	8,386,330
		17,632,540	- - - Rest, 2,757,310l.		20,389,850
31 August, 1791.			31 August, 1791.		
Circulation - -	-	11,672,320	Securities - { Public -	10,921,300 }	12,819,940
Deposits - -	-	6,437,730	Bullion - { Private -	1,898,640 }	8,055,510
		18,110,050	- - - Rest, 2,765,400l.		20,875,450
31 August, 1792.			31 August, 1792.		
Circulation - -	-	11,006,300	Securities - { Public -	10,715,041 }	13,905,910
Deposits - -	-	5,535,480	Bullion - { Private -	3,180,869 }	5,357,380
		16,532,780	- - - Rest, 2,730,510l.		19,263,290
31 August, 1793.			31 August, 1793.		
Circulation - -	-	10,965,050	Securities - { Public -	10,381,838 }	14,809,680
Deposits - -	-	6,442,810	Bullion - { Private -	4,427,842 }	5,332,010
		17,307,860	- - - Rest, 2,823,830l.		20,131,690
30 August, 1794.			30 August, 1794.		
Circulation - -	-	10,286,780	Securities - { Public -	8,863,048 }	12,446,460
Deposits - -	-	5,935,710	Bullion - { Private -	3,583,412 }	6,770,110
		16,222,490	- - - Rest, 2,994,080l.		19,216,570
31 August, 1795.			31 August, 1795.		
Circulation - -	-	10,862,900	Securities - { Public -	12,250,904 }	16,989,920
Deposits - -	-	8,154,980	Bullion - { Private -	3,739,016 }	5,136,350
		19,017,180	- - - Rest, 3,109,090l.		22,126,270
31 August, 1796.			31 August, 1796.		
Circulation - -	-	9,246,790	Securities - { Public -	10,875,347 }	17,025,470
Deposits - -	-	6,656,320	Bullion - { Private -	6,150,123 }	2,122,960
		15,903,110	- - - Rest, 3,245,310l.		19,146,420
31 August, 1797.			31 August, 1797.		
Circulation - -	-	11,114,120	Securities - { Public -	8,765,224 }	18,261,170
Deposits - -	-	7,765,350	Bullion - { Private -	9,425,946 }	4,089,620
		18,879,470	- - - Rest, 3,471,330l.		22,350,790
31 August, 1798.			31 August, 1798.		
Circulation - -	-	12,180,616	Securities - { Public -	10,930,038 }	17,346,640
Deposits - -	-	8,300,720	Bullion - { Private -	6,419,602 }	6,546,100
		20,481,330	- - - Rest, 3,414,410l.		23,895,740
31 August, 1799.			31 August, 1799.		
Circulation - -	-	13,389,490	Securities - { Public -	9,432,955 }	16,930,440
Deposits - -	-	7,642,940	Bullion - { Private -	7,477,485 }	7,000,780
		21,031,730	- - - Rest, 2,899,490l.		23,931,220

Amount of Notes in Circulation, and Deposits, and Securities held by the Bank — *continued*.

30 August, 1800.		£	30 August, 1800.		£	£
Circulation	-	15,047,180	Securities	{ Public	13,586,590 }	22,138,420
Deposits	-	8,335,060	Bullion	{ Private	8,551,830 }	5,150,450
		23,382,240	- - - Rest,	3,906,630 <i>l.</i>		27,288,870
31 August, 1801.		£	31 August, 1801.		£	£
Circulation	-	14,556,110	Securities	{ Public	11,926,873 }	22,209,570
Deposits	-	8,133,830	Bullion	{ Private	10,282,687 }	4,336,260
		22,689,940	- - - Rest,	3,854,890 <i>l.</i>		26,544,830
31 August, 1802.		£	31 August, 1802.		£	£
Circulation	-	17,097,630	Securities	{ Public	13,528,599 }	27,113,360
Deposits	-	9,739,140	Bullion	{ Private	13,584,761 }	3,891,780
		26,836,770	- - - Rest,	4,168,370 <i>l.</i>		31,005,140
31 August, 1803.		£	31 August, 1803.		£	£
Circulation	-	15,883,330	Securities	{ Public	13,336,179 }	26,918,840
Deposits	-	9,172,940	Bullion	{ Private	13,582,661 }	3,592,500
		25,056,270	- - - Rest,	4,710,770 <i>l.</i>		30,511,340
31 August, 1804.		£	31 August, 1804.		£	£
Circulation	-	17,153,890	Securities	{ Public	14,993,295 }	25,826,680
Deposits	-	9,715,530	Bullion	{ Private	10,833,285 }	5,879,190
		26,869,420	- - - Rest,	4,836,450 <i>l.</i>		31,705,870
31 August, 1805.		£	31 August, 1805.		£	£
Circulation	-	16,388,400	Securities	{ Public	11,413,266 }	27,772,850
Deposits	-	14,048,080	Bullion	{ Private	16,359,584 }	7,624,500
		30,436,480	- - - Rest,	4,960,870 <i>l.</i>		35,397,350
31 August, 1806.		£	31 August, 1806.		£	£
Circulation	-	21,027,470	Securities	{ Public	14,167,779 }	29,473,100
Deposits	-	9,636,390	Bullion	{ Private	15,305,328 }	6,215,020
		30,663,860	- - - Rest,	5,024,320 <i>l.</i>		35,688,180
31 August, 1807.		£	31 August, 1807.		£	£
Circulation	-	19,678,560	Securities	{ Public	13,410,655 }	29,936,500
Deposits	-	11,789,200	Bullion	{ Private	16,526,898 }	6,484,350
		31,467,760	- - - Rest,	4,953,740 <i>l.</i>		36,421,500
31 August, 1808.		£	31 August, 1808.		£	£
Circulation	-	17,111,290	Securities	{ Public	14,956,394 }	29,244,090
Deposits	-	15,012,510	Bullion	{ Private	14,287,686 }	6,015,940
		30,123,800	- - - Rest,	5,136,230 <i>l.</i>		35,260,030
31 August, 1809.		£	31 August, 1809.		£	£
Circulation	-	19,574,180	Securities	{ Public	15,307,673 }	33,435,270
Deposits	-	12,257,180	Bullion	{ Private	18,127,597 }	3,652,490
		31,831,360	- - - Rest,	5,256,390 <i>l.</i>		37,087,750
31 August, 1810.		£	31 August, 1810.		£	£
Circulation	-	24,793,990	Securities	{ Public	17,198,677 }	40,973,770
Deposits	-	13,617,520	Bullion	{ Private	23,775,093 }	3,191,850
		38,411,510	- - - Rest,	5,754,110 <i>l.</i>		44,165,620
31 August, 1811.		£	31 August, 1811.		£	£
Circulation	-	23,286,850	Securities	{ Public	21,884,248 }	37,083,280
Deposits	-	11,075,660	Bullion	{ Private	15,199,032 }	3,243,300
		34,362,510	- - - Rest,	5,964,070 <i>l.</i>		40,326,580
31 August, 1812.		£	31 August, 1812.		£	£
Circulation	-	23,026,880	Securities	{ Public	21,165,190 }	38,176,120
Deposits	-	11,848,910	Bullion	{ Private	17,010,930 }	3,099,270
		34,875,790	- - - Rest,	6,399,600 <i>l.</i>		41,975,390

Amount of Notes in Circulation, and Deposits, and Securities held by the Bank — *continued*.

31 August, 1813.		£	31 August, 1813.		£	£
Circulation	- -	24,828,120	Securities	{ Public	25,591,336 }	40,106,080
Deposits	- -	11,159,730	Bullion	{ Private	14,514,744 }	2,712,270
		35,987,850	- - - Rest,	6,830,500 <i>l</i> .		42,818,350
31 August, 1814.		£	31 August, 1814.		£	£
Circulation	- -	28,568,290	Securities	{ Public	34,982,485 }	48,345,960
Deposits	- -	14,849,940	Bullion	{ Private	13,363,109 }	2,097,680
		43,418,230	- - - Rest,	7,225,410 <i>l</i> .		50,443,640
31 August, 1815.		£	31 August, 1815.		£	£
Circulation	- -	27,348,679	Securities	{ Public	24,194,086 }	44,854,180
Deposits	- -	12,696,000	Bullion	{ Private	20,660,094 }	3,409,040
		39,944,679	- - - Rest,	8,318,550 <i>l</i> .		48,263,220
31 August, 1816.		£	31 August, 1816.		£	£
Circulation	- -	26,758,720	Securities	{ Public	26,097,431 }	37,279,540
Deposits	- -	11,856,580	Bullion	{ Private	11,182,109 }	7,562,780
		38,615,100	- - - Rest,	6,237,220 <i>l</i> .		44,842,320
30 August, 1817.		£	30 August, 1817.		£	£
Circulation	- -	29,543,780	Securities	{ Public	27,008,238 }	32,605,630
Deposits	- -	9,084,590	Bullion	{ Private	5,507,392 }	11,668,260
		38,628,370	- - - Rest,	5,442,600 <i>l</i> .		44,273,890
31 August, 1818.		£	31 August, 1818.		£	£
Circulation	- -	26,202,150	Securities	{ Public	27,257,012 }	32,370,760
Deposits	- -	7,927,730	Bullion	{ Private	6,113,748 }	6,363,160
		34,129,880	- - - Rest,	4,004,040 <i>l</i> .		36,733,920
31 August, 1819.		£	31 August, 1819.		£	£
Circulation	- -	25,252,690	Securities	{ Public	25,419,148 }	31,740,550
Deposits	- -	6,304,160	Bullion	{ Private	6,321,402 }	3,595,360
		31,556,850	- - - Rest,	3,779,060 <i>l</i> .		35,335,910
31 August, 1820.		£	31 August, 1820.		£	£
Circulation	- -	24,529,340	Securities	{ Public	19,173,997 }	23,846,120
Deposits	- -	4,420,910	Bullion	{ Private	4,672,123 }	8,211,080
		28,950,250	- - - Rest,	3,386,950 <i>l</i> .		32,057,200
31 August, 1821.		£	31 August, 1821.		£	£
Circulation	- -	20,295,300	Securities	{ Public	15,752,953 }	18,475,540
Deposits	- -	5,818,450	Bullion	{ Private	2,722,587 }	11,283,590
		26,113,750	- - - Rest,	3,595,380 <i>l</i> .		29,709,130
31 August, 1822.		£	31 August, 1822.		£	£
Circulation	- -	17,464,790	Securities	{ Public	13,668,359 }	17,290,510
Deposits	- -	6,399,440	Bullion	{ Private	3,622,151 }	10,067,960
		23,864,230	- - - Rest,	3,524,240 <i>l</i> .		27,388,470
30 August, 1823.		£	30 August, 1823.		£	£
Circulation	- -	19,231,240	Securities	{ Public	11,842,677 }	17,467,370
Deposits	- -	7,827,350	Bullion	{ Private	6,624,683 }	12,658,240
		27,058,590	- - - Rest,	3,067,020 <i>l</i> .		30,125,610
31 August, 1824.		£	31 August, 1824.		£	£
Circulation	- -	20,132,120	Securities	{ Public	14,649,187 }	20,904,530
Deposits	- -	9,678,810	Bullion	{ Private	6,255,343 }	11,787,430
		29,811,930	- - - Rest,	2,880,030 <i>l</i> .		32,691,960
31 August, 1825.		£	31 August, 1825.		£	£
Circulation	- -	19,398,840	Securities	{ Public	17,414,566 }	25,106,030
Deposits	- -	6,410,560	Bullion	{ Private	7,691,404 }	3,634,320
		25,809,400	- - - Rest,	2,900,950 <i>l</i> .		28,740,520

Amount of Notes in Circulation, and Deposits, and Securities held by the Bank — *continued*.

31 August, 1826.		£	31 August, 1826.		£	£
Circulation - -	-	21,563,560	Securities - { Public -	17,713,881		25,083,630
Deposits - -	-	7,199,860	Private -	7,389,749		6,754,230
		28,763,420	- - - Rest, 3,074,440 <i>l</i> .			31,837,860
31 August, 1827.		£	31 August, 1827.		£	£
Circulation - -	-	22,747,600	Securities - { Public -	19,809,595		23,199,320
Deposits - -	-	8,152,090	Private -	3,389,725		10,463,770
		30,799,690	- - - Rest, 2,863,400 <i>l</i> .			33,663,090
30 August, 1828.		£	30 August, 1828.		£	£
Circulation - -	-	21,357,510	Securities - { Public -	20,882,776		23,905,530
Deposits - -	-	10,401,280	Private -	3,222,754		10,498,880
		31,558,790	- - - Rest, 2,845,690 <i>l</i> .			34,404,410
31 August, 1829.		£	31 August, 1829.		£	£
Circulation - -	-	19,547,380	Securities - { Public -	20,072,440		24,661,810
Deposits - -	-	9,035,070	Private -	4,589,370		6,795,530
		28,582,450	- - - Rest, 2,874,890 <i>l</i> .			31,457,340
30 August, 1830.		£	30 August, 1830.		£	£
Circulation - -	-	21,464,700	Securities - { Public -	20,911,616		24,565,690
Deposits - -	-	11,620,840	Private -	3,654,074		11,150,480
		33,085,540	- - - Rest, 2,630,690 <i>l</i> .			35,716,170
31 August, 1831.		£	31 August, 1831.		£	£
Circulation - -	-	18,538,630	Securities - { Public -	18,056,552		23,905,030
Deposits - -	-	9,009,310	Private -	5,948,478		6,439,760
		27,507,940	- - - Rest, 2,736,850 <i>l</i> .			30,344,790

An Account of the Average Yearly Amounts of the Bank of England Notes in Circulation; of the Deposits, Public and Private, held by the Bank; of the Investments in Securities; and of the Bullion held by the Bank, in the Years ending 28th February, 1829, 1830, 1831, and 1832.

Bank Notes in Circulation -	£ 20,953,000	Investments in Securities - -	£ 23,834,000
Deposits, Public and Private -	10,104,000	Gold and Silver Bullion - -	9,640,000
In the Year ending 28 Feb. 1829 -	£ 31,057,000		£ 33,474,000
Bank Notes in Circulation -	19,631,000	Investments in Securities - -	24,424,000
Deposits, Public and Private -	9,711,000	Gold and Silver Bullion - -	7,265,000
In the Year ending 28 Feb. 1830 -	£ 29,342,000		£ 31,709,000
Bank Notes in Circulation -	20,575,000	Investments in Securities - -	24,343,000
Deposits, Public and Private -	11,735,000	Gold and Silver Bullion - -	10,322,000
In the Year ending 28 Feb. 1831 -	£ 32,310,000		£ 34,665,000
Bank Notes in Circulation -	18,542,000	Investments in Securities - -	24,004,000
Deposits, Public and Private -	9,489,000	Gold and Silver Bullion - -	6,389,000
In the Year ending 28 Feb. 1832 -	£ 28,031,000		£ 30,393,000

Prices of Gold and Silver, and Exchanges on Hamburg and Paris.

Date.		Price of Standard Gold in Bars per oz.			Price of Standard Silver per oz.		Price of Spanish Dollars per oz.		Exchange on Hamburg. 2½ Usance.	Exchange on Paris. 3 Days' Sight.
		£	s.	d.	s.	d.	s.	d.		
1797	Feb. 24	3	17	6	5	5	5	3½	36. 0	
	Aug. 25	3	17	6	5	2	5	0	37. 7	
1798	Feb. 23	3	17	10½	—	—	4	11½	38. 0	
	Aug. 24	3	17	10½	5	1	5	0	37. 3	
1799	Feb. 22	3	17	9	—	—	5	1	37. 7	
	Aug. 23	3	17	9	—	—	5	2½	34. 0	
1800	Feb. 28	—	—	—	—	—	5	7	31. 4	
	Aug. 22	4	5	0 F	—	—	5	7	32. 2	
1801	Feb. 27	4	4	0 F	—	—	5	10	31. 7	
	Aug. 25	—	—	—	—	—	5	10	31. 6	
1802	Feb. 26	4	3	6 F	5	11½	5	9	32. 2	
	Aug. 27	—	—	—	5	6	5	3½	33. 2	23.10
1803	Feb. 25	—	—	—	5	7½	5	5	34. 4	24. 8
	Aug. 26	—	—	—	—	—	—	—	32.10	23.16
1804	Feb. 24	—	—	—	—	—	5	7	34. 8	24.14
	Aug. 31	4	0	0	—	—	5	1½	35.10	25. 4
	Oct. 19	4	0	0	—	—	5	0	35. 8	25. 2
1805	Feb. 26	4	0	0	—	—	5	4	35. 8	25.12
	Aug. 27	4	0	0	—	—	5	3½	35. 5	25.12
	Nov. 26	—	—	—	5	9½	5	7	32. 9	25. 4
1806	Feb. 25	—	—	—	—	—	—	—	34. 2	24.12
	Aug. 26	—	—	—	—	—	—	—	34. 5	24. 7
1807	Feb. 27	—	—	—	5	8	—	—	34.10	24.10
	Aug. 28	—	—	—	—	—	5	5	34. 2	24. 6
1808	Feb. 26	—	—	—	—	—	5	3	34. 6	23. 6
	Aug. 26	—	—	—	—	—	5	5	35. 2	23.16
1809	Feb. 28	4	10	0 F	—	—	5	3	31. 0	20.19
	Aug. 22	—	—	—	—	—	5	5½	29. 4	20. 1
1810	Feb. 27	—	—	—	—	—	5	6	29. 0	19.16
	Aug. 28	—	—	—	—	—	5	8½	30. 9	21. 6
1811	Feb. 26	4	13	6 F	—	—	5	11	25. 0	17.16
	Aug. 30	4	17	6 F	6	2	6	0	25. 6	18. 2
1812	Feb. 28	4	15	0	—	—	6	1	28. 0	19.16
	Aug. 28	—	—	—	—	—	6	3½	28. 9	19. 5
1813	Feb. 26	—	—	—	—	—	6	6	30. 0	29.80
	Aug. 27	—	—	—	—	—	7	0	26. 6	18.80
1814	Feb. 22	5	8	0	6	11½	—	—	29. 0	21. 0
	Aug. 23	4	11	0 F	5	8½	—	—	32. 0	22.80
1815	Feb. 28	4	9	0	5	11½	5	10	32. 2	22. 0
	Aug. 25	—	—	—	—	—	5	7	32. 6	22. 0
1816	Feb. 27	4	2	0	5	4	5	3	34. 8	24.60
	Aug. 27	3	19	0	—	—	4	10½	36. 9	25.80
1817	Feb. 28	3	18	6	5	1	4	11	36. 7	25.40

Prices of Gold and Silver, and Exchanges on Hamburg and Paris, continued.

Date.	Price of Standard Gold in Bars per oz.			Price of Standard Silver per oz.		Price of Spanish Dollars per oz.		Exchange on Hamburg. 2½ Usance.		Exchange on Paris. 3 Days' Sight.	
	£	s.	d.	s.	d.	s.	d.				
1817 Aug. 22	4	0	6	5	1	5	2	35. 0		24. 30	
1818 Feb. 27	—			5	4½	5	5	34. 0		24. 0	
Aug. 25	—			—		5	5	34. 6		24. 35	
1819 Feb. 19	4	1	0	5	7	5	7	33. 11		23. 85	
Aug. 3	3	18	0	5	2	—		35. 11		25. 10	
1820 Mar. 3	3	17	10½	5	1½	—		36. 4		25. 20	
Aug. 1	3	17	10½	5	0	—		37. 6		25. 80	
1821 Feb. 27	3	17	10½	4	11½	4	10½	38. 2		25. 80	
Aug. 28	3	17	10½	4	11	4	10	38. 2		25. 70	
1822 Feb. 26	3	17	10½	4	11	4	9½	37. 4		25. 40	
Aug. 27	3	17	6	4	11½	4	9	37. 11		25. 60	
1823 Feb. 25	3	17	6	4	11½	—		37. 11		25. 75	
Aug. 21	3	17	6	4	11	4	8½	38. 2		25. 85	
1824 Feb. 24	3	17	6	4	11½	4	9½	37. 5		25. 80	
Aug. 31	3	17	6	—		4	10	36. 11		25. 20	
1825 Feb. 29	3	17	9	5	0½	4	10½	37. 0		25. 15	
Aug. 30	3	17	10½	5	1	4	11½	36. 10		25. 25	
1826 Feb. 28	3	17	6	—		—		37. 10		25. 70	
Aug. 29	3	17	6	4	10½	4	8½	37. 9		25. 75	
1827 Feb. 27	3	17	6	4	11½	4	9½	37. 3		25. 55	
Aug. 28	3	17	6	—		—		36. 11		25. 40	
1828 Feb. 26	3	17	6	—		4	10	M. C. S. Banco 13. 12		25. 30	
Aug. 26	3	17	6	—		4	11½	13. 14		25. 35	
1829 Feb. 24	3	17	10½	—		—		13. 13		25. 40	
Aug. 25	3	17	9	4	11½	4	9½	13. 15		25. 70	
1830 Feb. 23	3	17	9	—		—		14. 3		25. 85	
Aug. 31	3	17	10½	4	11½	4	9½	13. 14½		25. 50	
1831 Feb. 22	3	17	10½	—		—		13. 11		25. 20	
Aug. 30	3	17	10½	5	0	4	10½	13. 11		25. 20	
1832 Feb. 28	3	17	10½	4	11½	4	9½	13. 15		25. 60	
Aug. 31	3	17	9	4	10½	4	8½	14. 8		25. 85	
1833 Feb. 26	3	17	9	4	10½	4	9½	13. 14½		25. 85	
Aug. 27	3	17	10½	4	11½	4	10	13. 13½		25. 75	
1834 Feb. 25	3	17	9	4	11½	4	10½	13. 11		25. 35	
Aug. 28	3	17	9	5	0½	4	10½	13. 11		25. 32½	
1835 Feb. 27	3	17	9	5	0	4	10	13. 10½		25. 40	
Aug. 28	3	17	9	4	11½	4	9½	13. 14½		25. 60	
1836 Feb. 27	3	17	9	5	0	4	10½	13. 13½		25. 57½	
Aug. 27	3	17	10½	5	0½	4	10½	13. 12		25. 40	
1837 Feb. 22	3	17	9	5	0½	4	10½	13. 11½		25. 42½	
Aug. 28	3	17	9	4	11½	4	9½	13. 14		25. 53	
1838 Feb. 27	3	17	9	4	11½	—		13. 12½		25. 55	

Average Quarterly Account of the Liabilities, Assets, and Surplus or Rest, of the Bank of England, as ordered by the Act 3 & 4 Will. IV. c. 98.

	Notes in Circulation.	Deposits.	Securities.	Bullion.	Rest, or Surplus Capital.
1834.	£	£	£	£	£
January 1. -	18,216,000	13,101,000	23,596,000	9,948,000	2,307,000
February 4. -	18,377,000	14,086,000	24,762,000	9,954,000	2,293,000
March 4. -	18,700,000	14,418,000	25,547,000	9,829,000	2,258,500
April 1. -	19,097,000	14,011,000	25,570,000	9,131,000	2,293,000
May 6. -	18,978,000	14,081,000	26,031,000	8,884,000	2,516,000
June 3. -	18,922,000	14,539,000	27,312,000	8,645,000	2,496,000
July 1. -	18,805,000	15,066,000	27,593,000	8,695,000	2,261,000
July 29. -	19,110,000	15,075,000	28,502,000	8,598,000	2,315,000
August 26. -	19,147,000	15,344,000	28,679,000	8,273,000	2,420,000
September 23. -	19,125,000	14,754,000	28,691,000	7,695,000	2,506,000
October 21. -	18,914,000	13,514,000	27,840,000	7,123,000	2,535,000
November 18. -	18,614,000	12,620,000	27,138,000	6,781,000	2,556,000
December 18. -	18,304,000	12,256,000	26,362,000	6,720,000	2,522,000
1835.					
January 15. -	18,012,000	12,585,000	26,290,000	6,741,000	2,534,000
February 10. -	18,081,000	12,535,000	26,482,000	6,693,000	2,541,000
March 10. -	18,311,000	13,281,000	26,657,000	6,536,000	2,681,000
April 7. -	18,591,000	11,289,000	26,328,000	6,329,000	2,677,000
May 5. -	18,542,000	10,726,000	25,764,000	6,197,000	2,693,000
June 2. -	18,460,000	10,568,000	25,562,000	6,150,000	2,684,000
June 30. -	18,316,000	10,954,000	25,678,000	6,219,000	2,628,000
July 28. -	18,322,000	11,561,000	26,244,000	6,283,000	2,644,000
August 25. -	18,340,000	12,308,000	26,964,000	6,326,000	2,642,000
September 22. -	18,249,000	13,230,000	27,888,000	6,261,000	2,679,000
October 20. -	17,630,000	14,227,000	28,691,000	6,186,000	2,680,000
November 17. -	17,519,000	16,180,000	30,093,000	6,303,000	2,645,000
December 15. -	17,621,000	17,729,000	31,048,000	6,626,000	2,624,000
1836.					
January 12. -	17,262,000	19,169,000	31,954,000	7,076,000	2,689,000
February 9. -	17,427,000	18,566,000	31,022,000	7,471,000	2,700,000
March 9. -	17,433,000	16,995,000	29,806,000	7,701,000	3,002,000
April 5. -	18,063,000	14,751,000	27,027,000	7,801,000	3,014,000
May 3. -	18,154,000	13,747,000	27,042,000	7,782,000	2,923,000
May 31. -	18,051,000	13,273,000	26,534,000	7,663,000	2,873,000
July 1. -	17,899,000	13,810,000	27,153,000	7,362,000	2,806,000
July 24. -	17,704,000	14,495,000	28,315,000	6,926,000	2,861,000
August 26. -	18,061,000	14,796,000	29,345,000	6,325,000	2,813,000
September 22. -	18,147,000	14,118,000	29,406,000	5,719,000	2,860,000
October 21. -	17,936,000	13,324,000	28,845,000	5,267,000	2,842,000
November 17. -	17,648,000	12,682,000	28,134,000	4,933,000	2,842,000
December 15. -	17,361,000	13,336,000	28,971,000	4,545,000	2,825,000
1837.					
January 10. -	17,422,000	14,354,000	30,365,000	4,287,000	2,876,000
February 7. -	17,868,000	14,230,000	31,085,000	4,632,000	3,019,000
March 7. -	18,178,000	13,900,000	30,776,000	4,048,000	3,189,000
April 1. -	18,432,000	11,692,000	28,843,000	4,071,000	3,262,000
May 2. -	18,180,000	10,472,000	28,017,000	4,190,000	3,255,000
May 30. -	18,419,000	10,422,000	27,572,000	4,422,000	3,154,000
June 27. -	18,202,000	10,124,000	26,932,000	4,750,000	3,086,000
July 25. -	18,261,000	10,672,000	26,727,000	5,226,000	3,020,000
August 22. -	18,462,000	11,005,000	26,717,000	6,754,000	3,004,000
September 19. -	18,814,000	11,063,000	26,605,000	6,302,000	3,001,000
October 17. -	18,716,000	10,801,000	25,316,000	6,856,000	2,955,000
November 14. -	18,341,000	10,242,000	23,985,000	7,432,000	2,831,000
December 14. -	17,998,000	10,316,000	22,747,000	8,172,000	2,706,000
1838.					
January 12. -	17,960,000	10,775,000	22,606,000	8,895,000	2,609,000

An Account of the aggregate Number of Notes circulated in England and Wales by Private Banks, and by Joint-Stock Banks and their Branches, distinguishing Private from Joint-Stock Banks. From Returns directed by 3 & 4 Will. IV. c. 83.

Quarters Ended	Private Banks.	Joint-Stock Banks.	Total.	Quarters Ended	Private Banks.	Joint-Stock Banks.	Total.
1833.				1836.			
December 28. -	8,836,803	1,315,301	10,152,104	December 26. -	8,334,863	2,799,551	11,134,414
1834.				1837.			
March 29. -	8,733,400	1,458,427	10,191,827	March 26. -	8,353,894	3,084,025	11,447,919
June 28. -	8,875,796	1,642,887	10,518,682	June 25. -	8,614,132	3,588,064	12,202,196
September 27. -	8,370,423	1,783,689	10,154,112	September 24. -	7,764,824	3,969,121	11,733,945
December 28. -	8,537,655	2,122,173	10,659,828	December 31. -	7,753,300	4,208,197	11,961,497
1835.				1837.			
March 28. -	8,231,266	2,188,954	10,420,160	April 1. -	7,275,784	3,755,279	11,031,063
June 27. -	8,371,114	2,484,687	10,855,801	July 1. -	7,187,673	3,084,764	10,272,437
September 26. -	7,912,587	2,508,036	10,420,623	September 30. -	6,761,996	3,440,053	10,142,049
				December 30. -	7,043,470	3,826,665	10,870,135

An Account of the Prices of Wheat per Quarter, as exhibited in the Register kept in the Audit Books of Eton College, from the year 1646 to Michaelmas 1826; reducing the Quarter of nine Bushels, in which it was kept from 1646 to Michaelmas 1793, to the Winchester Quarter of eight Bushels; and continuing it, according to the same measure, annually to Michaelmas, 1826.

Years.	Prices per Quarter, Winchester Measure.			Years.	Prices per Quarter, Winchester Measure.		
	Price at Lady-day.	Price at Michaelmas.	Mean Price for the Year.		Price at Lady-day.	Price at Michaelmas.	Mean Price for the Year.
	s. d.	s. d.	s. d.		s. d.	s. d.	s. d.
1646	37 11	60 5 $\frac{1}{4}$	49 2	1675	56 10 $\frac{3}{4}$	47 5	52 1 $\frac{3}{4}$
1647	59 3	71 8 $\frac{1}{2}$	65 5 $\frac{3}{4}$	1676	35 6 $\frac{3}{4}$	32 0	33 9 $\frac{1}{2}$
1648	71 1 $\frac{1}{4}$	80 0	75 6 $\frac{1}{4}$	1677	30 2 $\frac{3}{4}$	44 5 $\frac{1}{4}$	37 4
1649	*	*	71 1 $\frac{1}{4}$	1678	48 0	56 10 $\frac{3}{4}$	52 5 $\frac{1}{4}$
1650	68 9	67 6 $\frac{3}{4}$	68 1 $\frac{1}{4}$	1679	53 4	42 8	48 0
1651	65 2 $\frac{1}{4}$	56 10 $\frac{3}{4}$	61 0 $\frac{1}{2}$	1680	37 4	42 8	40 0
1652	47 5	40 3 $\frac{1}{2}$	48 10 $\frac{1}{4}$	1681	37 11	45 0 $\frac{1}{2}$	41 5 $\frac{3}{4}$
1653	32 7	30 2 $\frac{3}{4}$	31 4 $\frac{3}{4}$	1682	35 6 $\frac{3}{4}$	42 8	39 1 $\frac{1}{2}$
1654	24 10 $\frac{3}{4}$	21 4	22 1 $\frac{1}{4}$	1683	39 1 $\frac{1}{4}$	32 0	35 6 $\frac{1}{2}$
1655	21 11	37 4	29 7 $\frac{1}{2}$	1684	35 6 $\frac{3}{4}$	42 8	39 1 $\frac{1}{4}$
1656	39 1 $\frac{1}{4}$	37 4	38 2 $\frac{1}{2}$	1685	47 5	35 6 $\frac{3}{4}$	41 5 $\frac{3}{4}$
1657	36 9	46 2 $\frac{3}{4}$	41 5 $\frac{3}{4}$	1686	28 5 $\frac{1}{4}$	32 0	34 2 $\frac{1}{2}$
1658	44 5 $\frac{1}{4}$	71 1 $\frac{1}{4}$	57 9 $\frac{1}{4}$	1687	34 0 $\frac{1}{4}$	29 0 $\frac{1}{2}$	31 8 $\frac{1}{2}$
1659	59 3	58 1	58 8	1688	24 10 $\frac{1}{4}$	21 4	23 1 $\frac{1}{4}$
1660	50 11 $\frac{1}{2}$	51 6 $\frac{3}{4}$	51 3	1689	23 1 $\frac{1}{4}$	30 2 $\frac{3}{4}$	26 8
1661	53 4	71 1 $\frac{1}{4}$	62 2 $\frac{1}{2}$	1690	32 7	29 0 $\frac{1}{2}$	30 9 $\frac{1}{4}$
1662	78 2 $\frac{3}{4}$	53 4	65 9 $\frac{1}{4}$	1691	29 0 $\frac{1}{2}$	50 9 $\frac{1}{4}$	29 11
1663	49 9 $\frac{1}{4}$	51 6 $\frac{1}{2}$	50 8	1692	42 8	40 10 $\frac{3}{4}$	41 9 $\frac{1}{4}$
1664	49 9 $\frac{1}{4}$	46 2 $\frac{1}{4}$	48 0	1693	52 4	61 11 $\frac{1}{2}$	60 1 $\frac{1}{4}$
1665	45 0 $\frac{1}{2}$	42 8	43 10 $\frac{1}{4}$	1694	71 1 $\frac{1}{4}$	42 8	56 10 $\frac{1}{2}$
1666	35 6 $\frac{3}{4}$	28 5 $\frac{1}{4}$	32 0	1695	33 2 $\frac{1}{4}$	61 0 $\frac{1}{4}$	47 1 $\frac{1}{4}$
1667	28 5 $\frac{1}{4}$	35 6 $\frac{1}{4}$	32 0	1696	64 0	48 0	56 0
1668	30 9 $\frac{3}{4}$	40 3 $\frac{1}{2}$	35 6 $\frac{1}{2}$	1697	40 9 $\frac{1}{4}$	56 10 $\frac{1}{4}$	53 4
1669	42 8	37 4	40 0	1698	62 2 $\frac{1}{4}$	59 3	60 8 $\frac{3}{4}$
1670	37 4	36 9	37 0 $\frac{1}{2}$	1699	62 2 $\frac{1}{4}$	49 9 $\frac{1}{4}$	56 0
1671	35 6 $\frac{3}{4}$	39 1 $\frac{1}{4}$	37 4	1700	37 4	33 9 $\frac{1}{4}$	35 6 $\frac{1}{2}$
1672	36 9	37 4	37 0 $\frac{1}{2}$	1701	33 9 $\frac{1}{4}$	29 7 $\frac{1}{2}$	31 8 $\frac{1}{4}$
1673	35 6 $\frac{3}{4}$	47 5	41 5 $\frac{3}{4}$	1702	26 8	25 5 $\frac{3}{4}$	26 0 $\frac{3}{4}$
1674	64 0	58 1	61 0 $\frac{1}{2}$	1703	26 8	37 4	32 0

Only one price given: the period of the year uncertain.

Years.	Prices per Quarter, Winchester Measure.			Years.	Prices per Quarter, Winchester Measure.		
	Price at Lady-day.	Price at Michaelmas.	Mean Price for the Year.		Price at Lady-day.	Price at Michaelmas.	Mean Price for the Year.
	<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>		<i>s. d.</i>	<i>s. d.</i>	<i>s. d.</i>
1704	51 6 $\frac{1}{2}$	30 9 $\frac{1}{2}$	41 2 $\frac{1}{2}$	1739	31 5	34 11 $\frac{1}{2}$	33 2 $\frac{1}{2}$
1705	28 5 $\frac{1}{2}$	24 10 $\frac{3}{4}$	26 8	1740	41 9 $\frac{1}{2}$	56 0	48 10 $\frac{1}{2}$
1706	23 1 $\frac{1}{2}$	23 1 $\frac{1}{2}$	23 1 $\frac{1}{2}$	1741	51 6 $\frac{3}{4}$	32 0	41 9 $\frac{1}{4}$
1707	23 1 $\frac{1}{2}$	27 3	25 2	1742	30 2 $\frac{3}{4}$	26 8	28 5 $\frac{1}{2}$
1708	27 3	46 2 $\frac{3}{4}$	36 8 $\frac{3}{4}$	1743	23 6 $\frac{3}{4}$	20 9	22 1 $\frac{3}{4}$
1709	57 5 $\frac{3}{4}$	81 9 $\frac{1}{2}$	69 7 $\frac{1}{2}$	1744	22 2 $\frac{3}{4}$	21 11	22 0 $\frac{3}{4}$
1710	81 9 $\frac{1}{2}$	56 10 $\frac{3}{4}$	69 4	1745	22 6 $\frac{1}{2}$	26 1	24 3 $\frac{1}{2}$
1711	44 5 $\frac{1}{2}$	51 6 $\frac{3}{4}$	48 0	1746	37 4	32 0	34 8
1712	48 7	33 9 $\frac{1}{2}$	41 2	1747	32 10 $\frac{3}{4}$	29 0 $\frac{1}{2}$	30 11 $\frac{1}{2}$
1713	38 9 $\frac{1}{2}$	56 10 $\frac{3}{4}$	45 4	1748	32 0	33 9 $\frac{1}{2}$	32 10 $\frac{1}{2}$
1714	58 1 $\frac{1}{2}$	34 4 $\frac{1}{2}$	44 8 $\frac{3}{4}$	1749	32 0	33 9 $\frac{1}{2}$	32 10 $\frac{1}{2}$
1715	38 0	44 5 $\frac{1}{2}$	38 2 $\frac{1}{2}$	1750	27 6 $\frac{3}{4}$	30 2 $\frac{1}{2}$	28 10 $\frac{3}{4}$
1716	48 8	42 8	42 8	1751	29 4	39 1 $\frac{1}{2}$	34 2 $\frac{1}{2}$
1717	48 0	40 10 $\frac{3}{4}$	40 5 $\frac{1}{2}$	1752	44 1 $\frac{3}{4}$	37 4	40 8 $\frac{3}{4}$
1718	37 4	32 0	34 8	1753	40 9 $\frac{1}{2}$	39 1 $\frac{1}{2}$	39 8 $\frac{1}{2}$
1719	28 10 $\frac{1}{2}$	33 2	31 0 $\frac{1}{2}$	1754	33 2 $\frac{1}{2}$	28 5 $\frac{1}{2}$	30 9 $\frac{1}{2}$
1720	32 0	33 9 $\frac{1}{2}$	32 10 $\frac{1}{2}$	1755	27 10 $\frac{1}{4}$	32 0	29 11
1721	35 6 $\frac{3}{4}$	31 1 $\frac{1}{2}$	33 4	1756	32 5 $\frac{1}{2}$	48 0	40 2 $\frac{1}{2}$
1722	32 0	32 0	32 0	1757	60 5 $\frac{1}{4}$	46 2 $\frac{3}{4}$	53 4
1723	29 7 $\frac{1}{2}$	32 0	30 9 $\frac{3}{4}$	1758	49 9 $\frac{1}{2}$	39 1 $\frac{1}{2}$	44 5 $\frac{1}{2}$
1724	32 0	33 9 $\frac{1}{2}$	32 10 $\frac{1}{2}$	1759	37 4	33 2 $\frac{1}{2}$	35 3
1725	37 4	48 10 $\frac{3}{4}$	43 1 $\frac{1}{2}$	1760	31 1 $\frac{1}{2}$	33 9 $\frac{1}{2}$	32 5 $\frac{1}{2}$
1726	46 2 $\frac{3}{4}$	35 6 $\frac{3}{4}$	40 10 $\frac{3}{4}$	1761	26 8	27 1 $\frac{1}{2}$	26 10 $\frac{1}{2}$
1727	32 10 $\frac{3}{4}$	41 9 $\frac{1}{2}$	37 4	1762	35 6 $\frac{3}{4}$	33 9 $\frac{1}{2}$	34 8
1728	49 2 $\frac{1}{2}$	47 5	48 3 $\frac{1}{2}$	1763	33 2 $\frac{1}{2}$	39 1 $\frac{1}{2}$	36 1 $\frac{1}{2}$
1729	45 4	39 1 $\frac{3}{4}$	42 2 $\frac{1}{2}$	1764	38 8	44 5 $\frac{1}{2}$	41 6 $\frac{1}{2}$
1730	32 10 $\frac{3}{4}$	32 0	32 5 $\frac{1}{2}$	1765	49 9 $\frac{1}{2}$	46 2 $\frac{3}{4}$	48 0
1731	30 2 $\frac{3}{4}$	28 5 $\frac{1}{2}$	29 4	1766	40 0	46 2 $\frac{3}{4}$	43 1 $\frac{1}{2}$
1732	24 3 $\frac{1}{2}$	23 1 $\frac{1}{2}$	23 8 $\frac{1}{2}$	1767	56 0	58 8	57 4
1733	25 5 $\frac{1}{2}$	24 10 $\frac{3}{4}$	25 2 $\frac{1}{2}$	1768	58 2 $\frac{3}{4}$	49 4	53 9 $\frac{1}{2}$
1734	29 7 $\frac{1}{2}$	37 4	38 5 $\frac{3}{4}$	1769	41 9 $\frac{1}{2}$	39 6 $\frac{3}{4}$	40 8
1735	35 6 $\frac{3}{4}$	40 10 $\frac{3}{4}$	38 2 $\frac{1}{2}$	1770	38 2 $\frac{3}{4}$	48 10 $\frac{3}{4}$	43 6 $\frac{3}{4}$
1736	34 4 $\frac{1}{2}$	37 4	35 10 $\frac{1}{2}$	1771	49 9 $\frac{1}{2}$	51 6 $\frac{3}{4}$	50 8
1737	34 2 $\frac{3}{4}$	32 10 $\frac{3}{4}$	33 6 $\frac{3}{4}$	1772	56 10 $\frac{3}{4}$	60 5 $\frac{1}{2}$	58 8
1738	32 10 $\frac{1}{2}$	30 2 $\frac{3}{4}$	31 6 $\frac{3}{4}$	1773	59 6 $\frac{3}{4}$	58 8	59 1 $\frac{1}{2}$

Years.	Prices per Quarter, Winchester Measure.			Years.	Prices per Quarter, Winchester Measure.		
	Price at Lady-day	Price at Michaelmas.	Mean Price for the Year.		Price at Lady-day.	Price at Michaelmas.	Mean Price for the Year.
1774	s. d. 53 4	s. d. 56 10 $\frac{3}{4}$	s. d. 55 1	1801	s. d. 177 0	s. d. 80 0	s. d. 128 6
1775	59 1 $\frac{1}{4}$	43 6 $\frac{3}{4}$	51 4	1802	68 0	66 6	67 3
1776	42 8	42 8	42 8	1803	60 0	60 0	60 0
1777	46 2 $\frac{3}{4}$	51 6 $\frac{3}{4}$	48 10 $\frac{3}{4}$	1804	59 0	80 0	69 6
1778	49 9 $\frac{1}{4}$	38 2 $\frac{3}{4}$	44 0	1805	88 0	88 0	88 0
1779	36 10 $\frac{3}{4}$	35 6 $\frac{3}{4}$	36 2 $\frac{3}{4}$	1806	80 0	86 0	88 0
1780	38 2 $\frac{3}{4}$	48 0	43 1 $\frac{1}{4}$	1807	88 0	68 0	78 0
1781	56 10 $\frac{3}{4}$	48 0	52 5 $\frac{1}{4}$	1808	74 6	96 0	85 3
1782	49 9 $\frac{1}{2}$	57 9 $\frac{1}{2}$	53 9 $\frac{1}{4}$	1809	100 0	112 0	106 0
1783	58 8	49 9 $\frac{1}{4}$	54 2 $\frac{1}{2}$	1810	120 0	104 0	112 0
1784	55 10 $\frac{3}{4}$	50 8	53 9 $\frac{1}{4}$	1811	104 0	112 0	108 0
1785	49 9 $\frac{1}{4}$	46 2 $\frac{3}{4}$	48 0	1812	136 0	120 0	118 0
1786	41 9 $\frac{1}{4}$	42 8	42 2 $\frac{1}{2}$	1813	136 0	104 0	120 0
1787	41 9 $\frac{1}{4}$	49 9 $\frac{1}{4}$	45 9 $\frac{1}{4}$	1814	86 0	84 0	85 0
1788	50 8	48 0	49 4	1815	80 0	72 0	76 0
1789	55 5	56 10 $\frac{3}{4}$	56 1 $\frac{3}{4}$	1816	72 0	92 0	82 0
1790	55 8	53 9 $\frac{1}{4}$	56 2 $\frac{1}{2}$	1817	132 0	100 0	116 0
1791	54 2 $\frac{3}{4}$	44 5 $\frac{1}{4}$	49 4	1818	104 0	92 0	98 0
1792	40 10 $\frac{3}{4}$	53 4	47 1 $\frac{1}{4}$	1819	80 0	76 0	78 0
1793	54 1	45 0 $\frac{1}{2}$	49 6 $\frac{3}{4}$	1820	80 0	72 0	76 0
1794	52 0	56 0	54 0	1821	66 0	76 0	71 0
1795	71 0	92 0	81 6	1822	56 0	50 0	53 0
1796	96 0	64 6	80 3	1823	60 0	54 0	57 0
1797	70 0	54 0	62 0	1824	68 0	76 6	72 0
1798	54 0	54 0	54 0	1825	84 0	84 0	84 0
1799	58 8	92 8	75 8	1826	80 0	66 0	73 0
1800	126 0	128 0	127 0				

EDW. BROWN, Registrar to Eton College.

TABLE of the Monthly Average Price of Wheat, per Winchester Quarter, in England and Wales, from 1793 to 1837 inclusive.

Year.	Jan.	Feb.	Mar.	April.	May.	June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.
s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1793	47 0	46 10	47 9	49 9	51 5	51 2	51 1	50 6	48 9	47 0	47 2	48 9
1794	50 1	50 7	50 10	51 2	51 3	51 6	51 11	52 6	51 6	51 0	52 10	55 0
1795	56 8	58 3	59 11	62 1	64 10	70 1	84 5	108 4	79 0	76 9	83 9	86 3
1796	92 0	93 6	100 0	86 8	75 7	80 2	81 0	75 11	64 5	61 3	59 9	57 3
1797	55 0	52 6	49 8	49 9	49 8	50 0	50 5	52 0	58 10	60 2	56 4	52 9
1798	51 2	49 10	50 2	51 7	51 10	51 0	50 9	51 3	50 0	48 7	47 11	48 5
1799	40 5	50 0	50 3	53 5	60 10	64 0	66 9	73 0	75 5	83 6	89 9	93 10
1800	94 8	101 11	107 10	111 11	120 2	125 0	134 10	103 2	105 10	106 6	120 2	132 6
1801	138 1	145 9	154 4	151 9	130 4	128 11	135 2	121 9	90 4	77 5	71 1	75 5
1802	76 5	74 5	73 6	69 9	65 3	67 0	67 4	69 0	67 3	61 10	59 5	57 10
1803	56 8	56 7	56 4	56 7	57 11	61 6	58 6	55 11	55 7	54 2	54 8	53 6
1804	51 8	50 2	50 0	51 1	51 8	52 0	53 4	55 9	65 2	68 1	79 8	85 7
1805	86 4	90 1	92 8	91 5	88 4	89 10	90 6	98 4	89 2	81 10	78 3	76 0
1806	75 8	74 6	74 5	77 0	84 4	84 0	82 2	81 9	80 8	79 2	77 4	76 11
1807	76 1	76 0	76 8	76 8	75 7	74 3	73 5	74 9	71 8	68 6	66 0	67 10
1808	69 5	69 3	69 5	71 0	73 5	79 3	81 4	81 6	84 0	86 7	92 0	90 8
1809	90 6	92 9	95 0	93 3	91 8	88 10	86 10	93 8	102 7	105 6	101 10	102 6
1810	101 1	100 4	102 5	105 2	109 4	115 6	113 9	116 0	110 5	101 10	100 2	97 1
1811	95 4	95 0	92 8	89 0	88 1	87 2	87 2	91 2	96 11	100 0	105 5	106 8
1812	105 8	105 2	112 5	125 5	132 6	133 10	144 6	152 3	136 6	113 7	121 6	121 0
1813	119 10	120 0	121 9	120 10	117 10	117 10	116 3	112 6	100 1	93 11	86 2	74 11
1814	78 2	77 4	77 3	75 8	69 7	69 10	68 4	73 8	78 6	75 4	73 5	70 4
1815	62 1	63 2	67 3	70 1	70 4	69 2	67 10	68 10	63 7	57 9	56 6	55 7
1816	52 10	55 6	55 4	60 2	73 7	74 11	74 0	82 1	85 11	90 10	98 10	103 7
1817	104 1	101 10	102 4	103 3	105 4	112 8	102 4	86 5	78 8	77 5	80 4	84 0
1818	84 10	84 10	84 8	89 8	87 5	83 7	86 6	81 3	81 9	81 10	82 5	80 8
1819	79 3	80 0	79 1	75 10	72 3	68 10	74 3	75 0	71 7	66 10	67 6	66 3
1820	64 0	64 10	69 0	69 4	70 0	69 10	70 0	72 5	67 10	58 9	57 6	54 6
1821	64 0	53 4	53 10	53 2	51 10	51 8	51 0	55 0	62 3	60 1	54 10	49 0
1822	48 8	48 6	46 0	44 7	46 4	43 10	43 1	41 10	39 8	39 0	38 10	38 11
1823	40 4	40 8	47 10	50 8	59 4	61 4	59 6	58 10	53 10	47 4	50 3	52 0
1824	59 8	65 10	65 6	64 10	63 1	62 9	60 2	57 10	55 4	59 2	64 8	64 3
1825	66 5	66 0	67 6	67 3	68 9	68 6	68 0	67 9	66 7	64 6	65 2	63 0
1826	60 3	59 3	55 7	59 8	58 9	57 0	56 7	56 9	55 6	54 5	55 3	55 8
1827	53 6	53 6	55 8	56 2	57 0	58 11	59 6	57 11	55 0	51 1	50 11	50 2
1828	50 0	50 6	51 9	54 8	55 3	54 9	54 0	59 2	58 1	60 7	73 0	71 8
1829	72 3	70 3	65 2	68 0	67 5	68 5	64 7	64 4	62 1	56 0	54 8	55 4
1830	54 4	55 11	59 2	63 11	63 8	64 3	68 11	70 5	60 5	60 10	61 10	64 10
1831	67 10	71 10	69 8	68 11	66 1	65 2	62 11	61 11	61 1	58 4	60 2	58 3
1832	57 7	57 7	57 3	58 7	60 0	60 4	61 5	60 4	55 9	51 0	51 5	52 6
1833	51 1	51 0	51 0	51 9	51 11	51 6	53 2	53 5	52 6	50 4	49 5	47 10
1834	47 5	47 2	46 0	46 0	46 3	46 9	46 11	46 9	42 3	40 3	40 11	39 6
1835	29 6	39 5	38 7	37 10	38 1	38 9	41 0	40 5	37 3	35 8	35 6	35 4
1836	36 1	39 3	43 2	46 5	47 9	48 11	48 3	47 8	46 6	46 4	55 6	57 9
1837	57 3	54 8	54 8	53 10	52 10	54 9	55 4	57 5	54 11	51 4	51 6	51 3

An Account of the Quantities of the following Articles imported from ALL PARTS,
from 1782 to 1838.

Year.	Cotton Wool.	Coffee.	Flax.	Undressed Hemp.	Sheep's Wool.	Silk, Raw Duty paid from 1835.	Silk, Thrown. Duty paid from 1835.	Sugar.	Tallow.
	lb.	cwt.	cwt.	cwt.	lb.	lb.	lb.	cwt.	cwt.
1782	11,828,039	-	-	-	-	-	-	1,374,289	-
1783	9,735,653	-	-	-	-	-	-	1,584,275	-
1784	11,482,583	-	-	-	-	-	-	1,782,385	-
1785	18,400,384	-	-	-	-	730,150	844,251	2,075,959	-
1786	19,475,020	-	-	-	-	473,042	861,448	1,613,955	-
1787	23,250,368	-	-	-	-	770,989	389,587	1,826,621	-
1788	20,467,436	32,340	261,895	564,071	-	812,148	306,540	2,065,120	255,046
1789	32,876,023	35,046	139,494	472,264	2,713,114	842,955	353,259	1,836,440	290,127
1790	31,447,605	53,988	257,222	592,306	3,245,329	745,440	508,005	1,882,106	356,921
1791	28,706,575	46,102	308,101	372,813	2,776,054	576,573	470,185	1,813,193	164,853
1792	34,907,497	69,029	243,324	614,362	4,513,975	931,894	426,831	1,989,220	201,856
1793	19,040,929	123,750	271,249	553,832	1,891,385	1,020,008	241,955	2,194,726	238,009
1794	24,358,567	278,088	348,367	582,756	4,485,582	683,228	330,978	2,519,181	202,173
1795	26,401,340	360,038	225,854	574,623	4,902,500	739,598	336,995	2,151,273	180,867
1796	32,126,357	343,427	321,239	618,487	3,454,211	487,631	398,948	2,240,299	230,984
1797	23,354,371	354,477	209,682	488,177	4,653,696	266,276	401,662	2,129,897	244,042
1798	31,880,641	431,577	389,988	647,833	2,398,126	730,885	403,130	2,669,864	439,912
1799	43,379,278	390,237	418,787	752,568	5,151,711	1,240,954	467,687	3,390,976	450,217
1800	56,010,732	599,429	416,121	896,420	8,615,284	833,618	333,717	3,164,474	415,995
1801	56,004,305	664,443	272,036	748,572	7,387,107	738,111	275,149	3,976,564	292,666
1802	60,345,600	460,544	277,443	488,198	7,745,112	559,729	896,210	4,297,079	556,749
1803	58,812,284	219,477	294,645	729,677	6,020,775	803,799	384,764	3,185,850	387,428
1804	61,967,329	507,433	352,920	727,320	8,167,213	1,032,381	449,182	3,248,307	533,898
1805	69,682,406	354,061	466,625	611,012	8,546,378	1,189,706	433,272	3,178,798	393,812
1806	58,176,382	528,941	354,722	729,786	7,333,993	802,623	515,218	3,815,183	536,652
1807	74,325,306	417,643	421,393	756,825	11,768,926	777,799	364,144	3,641,311	367,208
1808	43,605,989	726,831	257,729	259,687	2,353,725	637,102	139,312	3,763,485	145,293
1809	92,812,282	707,907	533,367	858,876	6,845,933	698,189	501,746	4,001,198	353,177
1810	136,488,935	828,683	511,971	955,810	10,936,224	1,341,475	450,731	4,808,663	479,440
1811	91,662,344	559,596	243,899	458,544	4,739,972	602,047	20,336	3,917,627	292,536
1812	63,025,936	405,746	405,304	852,016	7,014,917	1,330,106	617,885	3,762,182	309,324
1813	Records of this year were destroyed by fire.								
1814	60,060,239	1,029,556	524,757	545,380	15,712,517	1,634,501	645,722	4,085,323	588,915
1815	59,306,343	815,440	351,103	731,506	14,991,713	1,442,594	367,739	3,984,782	641,642
1816	58,990,055	499,076	247,424	369,468	8,117,864	945,792	192,130	3,760,549	417,170
1817	124,912,968	520,256	452,797	457,265	14,715,843	932,102	245,391	3,798,551	389,954
1818	177,282,158	427,247	458,899	860,403	26,406,486	1,644,047	456,971	3,968,948	542,983
1819	145,549,971	373,025	432,690	474,239	16,190,343	1,483,946	287,645	4,077,009	581,938
1820	151,672,655	48,841,626	382,389	426,163	9,775,605	2,215,691	333,636	4,209,676	812,478
1821	132,536,620	45,237,860	408,554	255,798	16,692,567	2,119,744	341,154	4,373,530	642,179
1822	142,837,628	44,003,124	610,106	616,454	19,058,090	2,060,262	502,975	3,774,575	805,288
1823	191,402,503	45,053,373	553,937	667,141	19,367,725	2,453,165	368,470	4,202,553	830,271
1824	149,380,122	50,674,240	742,531	571,986	22,564,485	3,051,979	342,005	4,412,147	690,382
1825	224,605,291	52,597,518	1,055,233	595,089	43,816,966	2,855,792	777,529	3,936,386	1,164,087
1826	177,607,401	52,017,103	688,622	489,330	15,989,112	2,487,820	177,406	4,319,094	864,962
1827	272,449,909	47,538,047	907,079	573,393	29,115,341	3,146,926	463,801	4,116,018	1,245,897
1828	222,767,411	30,071,215	922,040	374,933	30,286,059	4,256,423	508,818	4,868,019	1,049,806
1829	222,767,411	30,071,215	922,040	374,933	21,516,649	3,594,754	211,179	4,856,392	1,177,908
1830	263,961,452	40,952,163	944,096	506,771	32,305,314	3,440,638	413,840	4,916,005	1,073,833
1831	284,674,853	43,007,828	936,411	530,829	31,652,029	3,235,865	629,281	5,366,262	1,040,692
1832	286,832,526	50,225,439	982,516	503,564	28,128,973	3,391,721	177,166	4,967,747	1,177,815
1833	303,636,637	34,426,109	1,129,633	527,459	38,046,087	2,785,109	229,119	4,739,292	1,115,427
1834	326,875,425	41,865,111	811,722	673,811	46,455,232	3,643,512	192,149	4,743,414	1,307,407
1835	363,702,963	28,398,456	740,814	687,550	42,174,496	3,737,480	215,893	4,448,267	1,048,084
1836	406,959,057	34,054,832	1,529,116	586,032	64,239,952	4,453,091	306,660	4,549,161	1,186,264
1837	407,368,952	36,401,008	1,002,286	772,315	48,356,112	4,073,352	229,988	4,481,474	1,308,784

STATEMENT of the AVERAGE ANNUAL IMPORTS and EXPORTS into and from GREAT BRITAIN, from and to ALL PARTS, during the undermentioned Periods, inclusively of the First and Last Year of each respectively.

YEARS in- clu- sively.	Periods of Years.	COTTON WOOL.		COFFEE.		FLAX.		HEMP, Undressed.		SHEEP'S WOOL.		RAW SILKS.		THROWN SILKS.		SUGAR, Raw.		SUGAR Re- fined.		TALLOW.	
		Imported.	Exported.	Imported.	Exported.	Im- ported.	Ex- ported.	Im- ported.	Ex- ported.	Imported.	Ex- ported.	Im- ported.	Ex- ported.	Im- ported.	Ex- ported.	Im- ported.	Ex- ported.	Im- ported.	Ex- ported.	Im- ported.	Ex- ported.
		lb.	lb.	lb.	lb.	cwt.	cwt.	cwt.	cwt.	lb.	lb.	lb.	lb.	lb.	lb.	cwt.	cwt.	cwt.	cwt.	cwt.	cwt.
From—																					
1793 1798	6	26,193,700	936,700	42,366,400	31,058,700	294,356	5,747,577	618	8,113	3,630,900	116,300	653,200	60,400	352,300	27,200	2,394,308	477,200	316,607	272,135	21,686	
1799 1803	5	53,910,400	2,482,700	62,284,500	50,806,200	335,756	10,225,563	087	10,214	6,984,800	134,600	835,400	40,400	371,500	30,600	3,692,990	786,500	386,637	458,597	12,012	
1804 1808	5	59,651,500	1,156,200	56,782,000	40,591,000	370,678	4,097,616	926	7,147	7,632,000	43,800	887,900	32,200	376,600	53,100	3,527,415	439,178	385,704	396,996	8,973	
1809 1812*	4	96,997,400	4,036,500	70,054,000	53,606,200	423,635	50,377,731	310	25,922	7,384,300	96,500	968,000	28,000	397,600	53,704	4,122,418	630,998	314,888	358,619	6,904	
1814 1819	5	111,098,400	8,696,600	73,731,300	84,387,500	406,966	19,225,552	805	30,684	15,988,700	273,000	1,319,900	122,300	379,600	44,000	3,908,431	714,870	631,407	515,235	26,930	
1819 1822	4	144,149,200	13,876,600	44,965,300	41,431,300	480,935	11,425,443	164	19,737	15,411,600	266,400	1,375,900	22,700	366,400	14,300	4,108,698	496,103	647,923	710,708	17,498	
1823 1827	5	203,988,800	16,646,400	47,656,100	31,661,200	789,480	8,851,679	378	8,377	26,170,500	589,400	2,759,100	86,400	425,880	12,550	4,196,319	350,184	407,461	987,110	6,433	
1828 1832	5	267,999,400	19,311,500	42,865,200	23,020,500	932,250	9,033,502	042	18,360	28,767,800	703,800	3,863,900	78,700	388,100	19,230	4,974,885	353,927	515,538	1,04,011	40,592	
1833 1837	5	361,692,600	31,013,600	35,029,100	12,537,800	1,042,710	14,757,649	433	32,696	47,854,400	1,789,300	3,738,900	169,869	359,800	19,509	4,612,322	412,601	294,569	310,203	82,128	

* The Records for 1813 were burnt at the Fire of the Custom-House.

TABLES OF PRICES.

THE following Tables of Prices apply to the greater number of the articles, of which the quotations were appended to a former work of the author's, entitled "Thoughts and Details on the high and low Prices of the 30 Years ending in 1822." Those prices were collected with great care by Mr. Hinrichs; and, for the purposes of the present work, the quotations of them, as derived chiefly from the same authority, namely, "Prince's Price Current," have been collected and collated from that time to the present by Mr. M. L. Merac, whose accuracy is well known and attested by several elaborate tabular statements, which he has had occasion to draw up. Two of the articles, namely, Hops and Whalebone, in the following tables, have not been referred to in the foregoing historical sketch of prices, and they are here inserted for the purpose only of showing the prodigious variation to which some productions are liable from mere casualties affecting the supply. The latter of these articles, it will be observed, was cheaper during the war and the restriction than it had been before, or has been since.

The quotations in the Tables date as far back as 1782, because that is the period from which Prince's Price Current, the oldest of any extant, in a connected series, commences; and it appeared to be desirable to give them here in the entire series, because, commencing as the series does, in the year before the termination of the American war, it affords some means of judging of the effects of the transition from war to peace in 1783; and the information of the state of prices in the ten years of peace, before the breaking out of the long war with France, may be useful as exhibiting a view of the level from which the subsequent fluctuations took place.

The subjoined memorandum was appended by Mr. Hinrichs to the quotations of prices collected by him from 1782 to 1822 ; and Mr. Merac has added some remarks upon his own continuation of the prices from that time to the present.

“ The prices in the following tables are extracted from the New London, now Prince’s, and London Price Current, which was established in 1782, and is the oldest and best authenticated I have been able to meet with.

“ In order to give as general an idea as it is possible in so small a compass of the variations in prices for forty years, I have selected the quotations of the first and last months of each year, with the intermediate fluctuations where the rise or fall has not been progressive.

“ The figures on the left hand give the lowest quotation of the article, and those on the right the highest ; the range between the two includes, therefore, the necessary scope for the uncertainty of price, which is sometimes observable when the market is in an unsettled state, as well as for the different gradations in quality, which are very great in some articles, as will be seen by the tables.

“ In the column of ‘ Duties,’ those only are noted which are levied on importation by British vessels. It is hardly necessary to observe, that whenever there is any great distinction in favour of British vessels, it operates to the exclusion of foreign vessels, in the importation of those articles to which the distinction applies.

“ The rates of duties were obligingly furnished me by Mr. Thomas Cope of the Long Room, Custom House ; and great pains were taken by him to insure their correctness ; but, as several temporary alterations, not noticed in the books of rates, were made in the duties by orders in council and otherwise, I have, with a view to still greater correctness, referred to them, and made the proper allowance accordingly.

“ It is, of course, not to be expected that a document of this kind, embracing so long a series of years, and such a variety of articles, should be entirely free from occasional errors ; but I

think, from the care and attention bestowed, I am entitled to claim a pretty general dependence upon its accuracy.

“A. HINRICHS.

“*London, April, 1823.*”

“The prices contained in these tables, for 1822, and subsequently up to the present period, I have carefully drawn from the same source as the prices from 1782 till 1822, ‘Prince’s Price Current;’ except in the cases where the ‘Averages of Muscovado Sugars,’ not being inserted therein, I have taken them from other Prices Current, principally the ‘New London Mercantile.’

“I have taken the following periods as a general basis for my prices, being those approximatively succeeding the revenue quarter, in each year respectively : —

from the 8th January,	to about the 15th,
28th March,	to about the 7th April,
10th July,	to about the 16th,
8th November,	to about the 15th;

unless, where any extraordinary alteration may have occurred, when it is placed at that period nearest to the preceding or subsequent one, as the case may have required; viz. if nearest to March quarter, I have placed it in the 2d column; if nearest to the July, then in the 3d column; and so forth as to the 1st or 4th columns.

“The prices of Bengal and China raw silks I have taken from the ‘Returns’ of the silkbrowsers, after each sale (published in the London Mercantile, and New London, and occasionally in Prince’s), of the lowest average price and highest average price of each description of silk put up to public sale, and at which they were sold by the Hon. the East India Company, at their respective annual sales, whether three or four in the year. I have not noticed any intermediate prices, as the higher or lower prices of each succeeding sale may serve generally as a guide to the greater or less demand between the two sales respectively.

“The home consumption duties on British plantation coffee, from 1782, include, in one amount (for simplification), all the

duties, warehousing, customs, and excise, while they remained in force; then the customs duty only, as at present.

“The returns of the imports and exports, in the quinquennial table, are calculated from the Annual Parliamentary Returns of Imports and Exports.

“For any other specific remark upon these tables, I must beg to refer to such as are noted upon each table respectively, as the case may have required.

“M. L. MERAC.

“*London, April, 1838.*”

ASHES, Barilla, Cartagena, in Bond.

ASHES, Pearl, Danzig or Russia.

Year.	Cwt.						Duty.	Cwt.						Duty.
	s.	d.	s.	d.	s.	d.		s.	d.	s.	d.	s.	d.	
1782	-	-	-	22	0	24	0	-	-	-	-	-	-	2s. 1 1/2d.
1783	-	-	-	23	0	24	0	-	-	-	-	-	-	-
1784	-	-	-	16	0	17	0	-	-	-	-	-	-	2s. 2 1/2d.
1785	-	-	-	35	0	-	20	0	33	0	-	-	-	-
1786	-	-	-	22	0	24	0	-	-	-	-	-	-	-
1787	-	-	-	29	0	30	0	-	-	-	-	-	-	-
1788	-	-	-	31	0	32	0	-	-	-	-	-	-	-
1789	19	0	20	0	-	-	None	21	0	22	0	-	-	-
1790	-	-	-	23	0	25	0	-	-	-	-	-	-	-
1791	-	-	-	15	0	16	0	-	-	-	-	-	-	-
1792	18	0	19	0	-	-	18	0	19	0	-	-	-	-
1793	16	0	20	0	-	-	21	0	22	0	-	-	-	-
1794	-	-	-	14	0	15	0	-	-	-	-	-	-	-
1795	29	0	30	0	-	-	35	0	37	0	-	-	-	-
1796	33	0	35	0	-	-	None	31	0	32	0	-	-	-
1797	35	0	37	0	-	-	57	0	59	0	-	-	-	-
1798	51	0	55	0	-	-	41	0	45	0	-	-	-	-
1799	-	-	-	48	0	49	0	-	-	-	-	-	-	-
1800	36	0	37	0	-	-	27	0	28	0	-	-	-	-
1801	-	-	-	36	0	38	0	-	-	-	-	-	-	-
1802	23	0	25	0	-	-	21	0	23	0	-	-	-	-
1803	25	0	26	0	-	-	28	0	30	0	-	-	-	-
1804	-	-	-	27	0	28	0	-	-	-	-	-	-	-
1805	32	0	33	0	-	-	30	0	31	0	-	-	-	-
1806	-	-	-	26	0	28	0	-	-	-	-	-	-	-
1807	-	-	-	32	0	34	0	-	-	-	-	-	-	-
1808	59	0	64	0	-	-	75	0	80	0	-	-	-	-
1809	58	0	60	0	-	-	44	0	46	0	-	-	-	-
1810	45	0	49	0	-	-	49	0	52	0	-	-	-	-
1811	-	-	-	35	0	39	0	-	-	-	-	-	-	-
1812	21	0	24	0	-	-	29	0	31	0	-	-	-	-
1813	-	-	-	24	0	25	0	-	-	-	-	-	-	-
1814	-	-	-	26	0	27	0	-	-	-	-	-	-	-
1815	-	-	-	17	0	21	0	-	-	-	-	-	-	-
1816	26	0	26	0	-	-	17	0	21	0	-	-	-	-
1817	30	0	32	0	-	-	32	0	35	0	-	-	-	-
1818	-	-	-	20	0	21	0	-	-	-	-	-	-	-
1819	-	-	-	22	0	23	0	-	-	-	-	-	-	-
1820	19	0	20	0	-	-	17	0	17	6	-	-	-	-
1821	17	0	17	6	-	-	18	0	19	0	-	-	-	-
1822	15	0	16	0	-	-	16	0	17	0	-	-	-	-
1823	15	0	16	0	-	-	16	0	17	0	-	-	-	-
1824	14	6	16	0	-	-	13	6	14	0	-	-	-	-
1825	13	0	13	6	-	-	16	0	17	0	-	-	-	-
1826	12	0	13	0	-	-	10	9	11	0	-	-	-	-
1827	12	0	12	6	-	-	11	0	11	6	-	-	-	-
1828	9	6	10	0	-	-	10	0	10	6	-	-	-	-
1829	13	0	13	6	-	-	12	0	12	6	-	-	-	-
1830	14	0	14	6	-	-	14	0	14	6	-	-	-	-
1831	12	0	13	0	-	-	9	0	9	6	-	-	-	-
1832	10	3	10	6	-	-	10	9	-	11	6	-	-	-
1833	11	6	11	9	-	-	12	0	12	6	-	-	-	-
1834	10	0	10	6	-	-	10	0	10	6	-	-	-	-
1835	10	0	10	6	-	-	10	0	10	6	-	-	-	-
1836	10	0	10	6	-	-	9	6	10	0	-	-	-	-
1837	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1838	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1839	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1840	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1841	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1842	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1843	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1844	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1845	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1846	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1847	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1848	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1849	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1850	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1851	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1852	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1853	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1854	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1855	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1856	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1857	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1858	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1859	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1860	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1861	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1862	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1863	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1864	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1865	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1866	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1867	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1868	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1869	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1870	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1871	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1872	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1873	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1874	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1875	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1876	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1877	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1878	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1879	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1880	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1881	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1882	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1883	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1884	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1885	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1886	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1887	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1888	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1889	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1890	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1891	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1892	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1893	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1894	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1895	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1896	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1897	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1898	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1899	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1900	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1901	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1902	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1903	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1904	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1905	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1906	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1907	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1908	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1909	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1910	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1911	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1912	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1913	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1914	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1915	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1916	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1917	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1918	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1919	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-
1920	No price	-	-	-	-	-	No price	-	-	-	-	-	-	-

Cwt.				Duty.
s. d. s.	s. s. d.	s. s. d.	s. d. s.	
-	-	46a 5 0	34a 35 0	2s. 1 st d.
-	-	32 40 0	22 30 0	-
-	-	23 26 0	34 36 0	2s. 2 nd d.
-	-	30 32 0	18 24 0	-
-	-	18 24 0	28 31 0	-
28 0 31	24 28 0	-	26 0 32	2s. 3 ^d .
26 0 28	24 26 0	-	28 0 34	-
30 0 34	28 32 0	34 36 0	None	-
None	36 40 0	34 35 0	-	-
-	None	-	-	-
-	-	-	-	-
-	28 30 0	22 26 0	-	-
26 0 28	None	after	May	-
Uncertain	-	-	-	-
-	56 58 0	54 56 0	-	2d. 4 th d.
-	51 54 0	-	-	2s. 5 th d.
-	48 55 0	46 51 0	-	3s. 9 th d.
-	46 52 0	46 48 0	-	-
-	37 47 0	36 41 0	-	-
-	36 40 0	31 36 0	-	-
-	30 36 0	16 24 0	-	May 12.
23 0 28	22 26 0	-	30 0 31	3s. 11 th d.
26 0 31	30 33 6	-	-	July 5.
-	38 40 0	50 56 0	-	3s. 11 th d.
-	-	-	-	4s. 4 ^d .
-	51 53 0	None	-	April 5.
-	None	51 53 0	-	4s. 5 ^d .
51 0 53	59 61 0	-	53 0 55	May 10.
60 0 61	40 55 0	54 59 0	49 0 54	4s. 8 ^d .
-	59 64 0	None	-	-
None	till Nov. 24	24 29 0	-	-
25 0 29	None	after	Feb.	Sep. 1.
-	37 32 0	52 55 0	-	9s. 4 ^d .
Russia Pearl	59 68 0	40 42 0	66 0 68	11s. 1 ^d .
52 0 58	47 59 0	-	57 0 59	-
55 0 57	40 48 0	-	53 0 55	-
58 0 59	61 62 0	49 51 0	47 0 50	-
-	47 48 0	38 40 0	-	-
40 0 41	26 27 0	29 30 0	26 0 27	11s. 2 ^d .
26 0 27	26 -	26 -	26 0 27	-
27 0 31	27 31 0	30 -	22 0 33	-
33 0 36	None	39 -	35 0 37	-
35 0 38	None	34 -	30 0 31	-
31 0 -	39 -	27 -	26 0 -	-
20 0 -	32 -	30 -	88 0 -	July 6. 6s.
25 0 -	22 23 0	20 -	24 0 -	-
26 0 -	22 -	21 22 0	22 0 -	-
24 0 -	24 -	22 -	21 0 -	-
None	28 -	27 -	22 0 -	-
None	36 -	32 -	29 0 30	-
28 0 -	27 -	26 -	23 6 24	-
21 6 23	21 -	19 -	19 6 23	-
21 0 -	21 -	22 22 6	28 0 26	-
23 0 -	23 24 0	23 24 0	26 0 -	-
26 0 -	26 -	25 29 0	26 0 30	-
36 0 38	37 38 0	38 -	38 6 -	-
32 0 -	39 31 0	22 -	22 0 -	-
25 0 28	26 27 0	-	-	-

BRISTLES, St. Petersburg, 1st Quality. (Duty paid from 1820.)										COFFEE, St. Domingo, for Exportation.									
Year.	Cwt.						Duty.			Cwt.									
	s.	s.	s.	s.	s.	s.	-	-	-	s.	d.	s.	s.	s.	s.	s.	s.	s.	s.
1782	-	-	-	Not	quoted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1783	-	-	-	to	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1784	-	-	-	Ditto	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1785	-	-	95 a	100	82 a	87	-	-	{ 1s. 4 ¹ / ₂ d. per doz. lb. }	-	-	-	-	-	-	-	-	-	-
1786	-	-	89	92	103	107	-	-	-	-	-	-	-	-	-	-	-	-	-
1787	-	-	107	-	137	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1788	-	-	134	-	157	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1789	-	-	147	-	197	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1790	-	-	177	197	167	172	-	-	-	-	-	-	-	-	-	-	-	-	-
1791	-	-	167	172	187	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1792	-	-	187	-	177	-	187	-	-	-	-	-	-	-	-	-	-	-	-
1793	-	-	187	-	202	-	167	-	-	-	-	-	-	-	-	-	-	-	-
1794	-	-	167	-	134	-	167	-	-	-	-	-	-	-	-	-	-	-	-
1795	-	-	167	-	197	-	182	-	-	-	-	-	-	-	-	-	-	-	-
1796	-	-	182	-	192	-	-	-	{ 1s. 5 ¹ / ₂ d. per doz. lb. }	-	-	-	-	-	-	-	-	-	-
1797	-	-	192	-	142	147	-	-	{ 1s. 5 ¹ / ₂ d. per doz. lb. }	-	-	-	-	-	-	-	-	-	-
1798	-	-	142	147	167	-	182	-	{ 1s. 11 ³ / ₄ d. per doz. lb. }	-	-	-	-	-	-	-	-	-	-
1799	-	-	142	-	185	-	-	-	Ditto.	-	-	-	-	-	-	-	-	-	-
1800	-	-	187	-	227	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1801	-	-	227	-	287	-	182 a	187	-	-	-	-	-	-	-	-	-	-	-
1802	-	-	177	180	-	-	-	-	{ Ditto to May, then 2s. 0 ³ / ₄ d. }	-	-	-	-	-	-	-	-	-	-
1803	-	-	220	231	-	-	-	-	{ Do. to 5 July, then 2s. 3d. }	-	-	-	-	-	-	-	-	-	-
1804	-	-	220	231	231	-	226	228	{ Do. to 1 June, then 2s. 6d. }	-	-	-	-	-	-	-	-	-	-
1805	-	-	226	228	227	235	-	-	{ Do. 5 April, then 2s. 9d. }	-	-	-	-	-	-	-	-	-	-
1806	-	-	227	230	218	-	228	-	{ Do. to 10 May, then 2s. 11d. }	-	-	-	-	-	-	-	-	-	-
1807	-	-	213	-	200	203	260	288	{ Do. to 5 July, then 3s. }	-	-	-	-	-	-	-	-	-	-
1808	-	-	267	280	520	525	450	475	Ditto.	90 0 a	106 0	80 a	90	-	-	-	90 a	110	-
1809	450 a	470	170	490	310	330	330	350	-	95 0	110 0	90	102	-	-	-	96	105	-
1810	-	-	310	330	250	260	-	-	-	96 0	105 0	106	112	-	-	-	85	95	-
1811	266	-	370	410	350	370	-	-	-	-	-	58	68	36 a	42	-	-	-	-
1812	350	370	390	410	-	-	330	370	-	-	-	45	66	70	78	-	-	-	-
1813	-	-	367	-	307	-	377	-	{ 3s. 6 ³ / ₄ d. per doz. lb. }	70 0	78 0	82	92	66	80	96	110	-	-
1814	-	-	397	-	287	-	337	-	-	116 0	126 0	85	100	90	108	86	94	-	-
1815	-	-	360	-	347	-	-	-	-	-	-	86	94	72	78	-	-	-	-
1816	-	-	367	-	257	-	-	-	-	70 0	78 0	62	66	-	-	-	74	77	-
1817	260	-	287	-	227	-	267	-	-	72 0	75 0	89	97	-	-	-	-	-	-
1818	-	-	257	-	283	-	-	-	-	94 0	100 0	162	170	-	-	-	143	148	-
1819	-	-	283	-	230	-	-	-	3s. 7d.	93 0	97 0	115	122	105	110	120	126	-	-
1820	240	-	No price	No price	223	-	-	-	-	128 0	132 0	117	121	133	128	123	128	-	-
1821	216	-	-	-	230	-	-	-	-	118 0	121 0	117	119	115	117	98	102	-	-
1822	240	-	228	-	270	275	250	256	-	98 0	102 0	104	110	97	107	94	100	-	-
1823	270	-	290	-	300	-	310	-	-	94 0	100 0	106	110	98	97	75	77	-	-
1824	310	315	300	-	290	-	295	-	-	72 0	75 0	62	64	58	61	58	60	-	-
1825	290	295	290	295	300	315	300	315	-	58 0	64 0	76	79	60	62	56	57	-	-
1826	330	-	315	-	280	-	280	-	-	57 0	58 0	53	54	45	46	48	49	-	-
1827	280	-	280	-	240	260	275	280	-	50 0	51 0	43	47	43	44	38	41	-	-
1828	250	255	240	245	245	250	242	250	-	36 0	38 0	35	38	34	36	32	34	-	-
1829	250	255	250	255	245	250	-	-	-	32 0	33 0	31	33	31	33	32	35	-	-
1830	No price	No price	235	245	230	240	-	-	3s. 6d.	31 0	36 0	39	41	41	43	56	58	-	-
1831	230	240	250	260	265	270	240	250	-	54 0	56 0	56	59	60	63	52	53	-	-
1832	265	270	265	270	245	255	245	250	-	56 0	57 0	55	56	60	61	61	65	-	-
1833	245	250	240	255	240	255	260	275	-	56 0	57 0	54	56	60	62	62	64	-	-
1834	290	-	310	320	310	320	400	500	-	59 0	61 0	58	60	51	53	46	47	-	-
1835	400	460	420	450	400	440	400	440	-	49 0	51 6	55	-	54	55	50	53	-	-
1836	400	440	400	440	430	450	430	450	-	52 6	53 6	53	-	54	55	46	52	-	-
1837	430	450	410	430	400	410	400	410	-	49 0	53 0	48	48	41	44	40	42	-	-
1838	340	380	330	340	-	-	-	-	-	42 0	44 6	42	44	-	-	-	-	-	-

COFFEE, British Plantation, in Bond, Superior.										COFFEE, British Plantation, in Bond, Inferior.									
Year	Cwt.						Duty.	Cwt.						Duty.					
	s.	s.	s.	s.	s.	s.		s.	s.	s.	s.	s.	s.						
1782	76 a	81	105 a	116	-	-	75 a	86	42s.	62 a	68	81 a	100	-	-	60 a	72	{ Same as Su- perior.	
1783	72	83	57	66	-	-	63	72	-	63	70	48	56	-	-	54	62		
1784	60	68	46	105	-	-	73	80	-	54	59	76	85	-	-	65	72		
1785	-	-	73	79	71	76	-	-	-	-	-	68	72	66 a	70	-	-		
1786	-	-	70	80	87	95	-	-	-	-	-	65	70	78	86	-	-		
1787	-	-	88	96	97	100	-	-	-	-	-	78	86	86	96	-	-		
1788	-	-	92	102	95	105	-	-	-	-	-	86	90	90	94	-	-		
1789	-	-	98	106	95	100	-	-	-	-	-	92	96	88	93	-	-		
1790	-	-	92	98	70	76	-	-	-	-	-	86	90	56	66	-	-		
1791	-	-	71	79	95	105	-	-	-	-	-	59	70	85	95	-	-		
1792	96	105	109	120	-	-	84	100	-	85	95	100	104	-	-	70	83		
1793	90	107	96	115	-	-	94	105	-	73	88	83	95	-	-	78	93		
1794	96	116	77	95	-	-	92	112	-	85	95	66	76	-	-	74	90		
1795	94	112	122	145	-	-	112	132	-	72	92	98	118	-	-	100	110		
1796	-	-	118	135	113	126	-	-	44s. 1½d.	-	-	103	116	100	112	-	-		
1797	114	126	132	145	-	-	133	140	46s. 0½d.	104	110	112	130	-	-	120	132		
1798	-	-	128	138	158	172	-	-	45s. 8½d.	-	-	120	126	146	157	-	-		
1799	156	170	185	196	-	-	116	130	-	146	155	170	184	98	115	-	-		
1800	116	130	130	165	118	150	126	150	-	98	115	115	128	95	115	110	125		
1801	131	150	130	160	-	-	88	110	-	115	130	105	128	-	-	60	86		
1802	88	110	96	128	-	-	93	115	-	60	80	70	95	-	-	68	92		
1803	-	-	92	125	142	156	-	-	53s. 0¾d.	-	-	76	90	120	140	-	-		
1804	133	150	156	170	-	-	142	156	58s. 11¼d.	110	130	140	155	-	-	120	140		
1805	144	165	165	185	-	-	140	170	61s. 3¾d.	125	140	140	163	-	-	115	136		
1806	143	177	152	195	110	145	122	150	65s. 8½d.	115	142	125	150	80	100	100	120		
1807	118	146	132	160	-	-	112	130	-	90	117	95	130	-	-	70	108		
1808	106	130	95	120	-	-	116	130	-	68	105	60	94	-	-	90	115		
1809	110	130	105	128	-	-	113	138	65s. 4d.	85	109	75	102	-	-	76	110		
1810	114	136	120	146	100	120	90	105	-	70	112	75	115	68	94	60	85		
1811	-	-	75	95	54	73	-	-	-	-	-	38	74	25	52	-	-		
1812	-	-	54	80	71	96	-	-	-	-	-	20	50	30	70	-	-		
1813	90	116	80	105	-	-	116	132	July. 72s. 4d.	50	85	40	75	-	-	70	110		
1814	118	142	96	118	105	125	96	115	-	80	114	60	96	66	103	60	95		
1815	-	-	95	115	83	110	-	-	-	-	-	60	95	50	81	-	-		
1816	84	110	77	104	-	-	83	107	-	48	83	56	72	-	-	50	82		
1817	62	104	80	102	-	-	92	112	-	-	-	54	80	74	96	-	-		
1818	99	115	160	180	-	-	146	163	-	76	98	122	153	-	-	112	145		
1819	148	166	102	128	124	150	116	126	{ June. 1s. ¾ lb. }	119	148	78	100	88	119	80	115		
1820	130	155	122	144	133	140	128	143	-	90	128	86	120	110	132	100	125		
1821	125	138	120	136	131	148	112	132	-	105	124	108	130	105	120	73	110		
1822	117	145	120	140	116	144	112	138	-	70	116	104	118	90	115	80	110		
1823	112	136	115	140	99	126	87	122	-	75	110	70	108	58	90	50	82		
1824	73	114	68	114	60	101	60	102	-	60	78	52	72	52	59	50	59		
1825	65	103	78	120	67	100	66	98	-	50	64	60	76	56	67	50	64		
1826	66	104	60	100	52	90	54	100	-	50	65	44	58	40	51	40	53		
1827	58	105	56	105	55	90	47	88	-	40	57	40	55	40	53	35	46		
1828	48	88	50	84	48	82	50	90	-	34	50	33	52	30	52	31	50		
1829	50	88	48	88	46	78	46	84	-	31	48	34	46	30	45	24	44		
1830	42	83	40	80	40	78	42	80	6d. per lb.	25	40	25	38	28	40	30	42		
1831	46	84	47	84	55	82	81	99	-	32	45	35	47	46	54	72	80		
1832	88	100	88	98	81	92	80	98	-	80	87	80	87	73	80	66	79		
1833	75	94	84	105	95	120	91	114	-	62	74	67	83	80	94	70	90		
1834	87	112	85	100	70	105	74	116	-	65	86	63	84	50	67	56	70		
1835	81	124	86	119	95	126	96	120	-	55	79	56	80	78	94	80	95		
1836	96	120	91	115	83	110	96	130	-	80	95	75	90	67	82	72	95		
1837	106	117	106	117	103	124	108	123	-	60	93	60	100	60	100	65	108		
1838	88	125	90	124	-	-	-	-	-	63	86	64	88	-	-	-	-		

COCHINEAL, Spanish Garbled.										COPPER, British, in Cakes.											
Year.	Per lb.										Duty.	Per Cwt.									
	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. s.	s. s.		s. s.	s. s.	s. d. s.	s. d. s.						
1782	-	-	18 6	19 6	19 6	21 6	-	-	-	24d.	-	-	83	86	-	-	-	-	-		
1783	19 6	21 3	21 6	23 0	-	-	13 6	15 6	-	-	-	-	83	86	-	-	-	-	-		
1784	13 6	15 0	12 0	13 6	13 6	15 0	12 0	14 6	-	-	-	-	80	83	83	86	-	-	-		
1785	-	-	12 0	14 0	13 0	14 6	-	-	-	-	-	83	-	78	-	82	-	-	-		
1786	13 0	14 6	12 6	13 0	14 0	16 0	-	-	-	-	-	-	82	-	-	-	-	-	-		
1787	14 6	16 6	13 0	15 0	-	-	17 0	19 6	-	-	-	82	-	80	-	72	76	80 0	-		
1788	16 0	18 6	18 0	21 0	-	-	14 0	16 6	-	3d.	-	-	80	-	-	-	-	-	-		
1789	14 0	16 6	12 0	14 0	-	-	13 0	15 0	-	-	-	80	-	76	-	80	-	84 0	-		
1790	12 6	15 6	15 0	18 6	-	-	13 6	15 6	-	-	-	-	84	-	-	-	-	-	-		
1791	13 3	15 3	12 0	14 6	14 0	16 0	13 0	15 0	-	-	-	84	-	86	-	-	-	90 0	-		
1792	-	-	13 0	15 0	12 0	14 6	-	-	-	-	-	-	-	86	-	105	-	-	-		
1793	12 6	14 6	13 6	15 6	-	-	12 0	14 0	-	-	-	-	-	105	110	112	114	-	-		
1794	-	-	12 6	14 0	12 0	13 3	-	-	-	-	-	None	-	till	August	-	-	109 6	-		
1795	12 6	14 0	18 0	19 0	-	-	15 6	16 0	-	Free.	-	-	-	109	6d.	-	-	-	-		
1796	-	-	15 6	18 0	14 0	15 0	-	-	-	-	-	-	-	109	6d.	120	-	-	-		
1797	-	-	15 0	17 0	23 0	25 0	-	-	-	-	-	-	-	120	-	-	-	-	-		
1798	28 0	30 0	52 0	54 0	26 0	29 0	-	-	-	10d.	-	-	-	120	-	-	-	-	-		
1799	29 0	30 0	45 0	46 0	-	-	18 0	21 0	-	-	-	-	-	120	-	140	-	-	-		
1800	18 0	20 0	16 6	19 0	-	-	24 0	27 0	-	-	-	-	-	140	-	160	-	-	-		
1801	-	-	24 0	27 0	15 0	19 0	-	-	-	-	-	-	-	160	-	-	-	-	-		
1802	-	-	14 0	19 0	16 0	18 0	-	-	-	-	-	160	-	{None 4 Months}	130	140	130 0	-	-		
1803	15 6	18 0	23 0	26 0	-	-	22 0	25 0	-	11d.	-	-	-	130	140	140	-	-	-		
1804	22 0	25 0	18 0	20 0	-	-	26 0	29 0	-	1s. 0d.	140	-	-	156	-	-	-	165 0	-		
1805	-	-	26 0	28 0	27 0	30 0	-	-	-	1s. 1d.	-	-	-	165	-	200	-	-	-		
1806	-	-	26 0	30 0	22 0	27 0	-	-	-	1s. 1d.	-	-	-	200	-	182	-	-	-		
1807	-	-	23 0	29 0	19 0	30 6	-	-	-	-	-	-	-	162	-	147	-	-	-		
1808	-	-	20 0	31 0	24 0	29 0	-	-	-	-	-	-	-	147	-	200	-	-	-		
1809	32 0	36 0	26 0	32 0	34 0	36 0	30 0	37 0	-	2s.	Uncertain	till April	-	160	-	160	-	-	-		
1810	-	-	32 0	42 0	31 0	35 0	-	-	-	-	-	-	-	160	-	Uncertain.	-	-	-		
1811	-	-	31 0	35 0	29 0	31 0	-	-	-	-	-	-	-	150	156	140	146	-	-		
1812	-	-	30 0	32 0	29 0	31 0	-	-	-	-	-	-	-	140	146	130	135	-	-		
1813	-	-	32 0	35 0	48 0	51 0	-	-	-	2s. 4d.	-	-	-	130	135	-	-	-	-		
1814	-	-	47 0	52 0	34 0	38 0	-	-	-	-	-	None till	December	-	-	146	-	120 0 a 130	-		
1815	32 0	35 0	37 0	40 0	-	-	30 0	36 0	-	-	-	-	-	130	140	120	130	-	-		
1816	30 0	34 0	23 0	28 0	-	-	28 0	33 0	-	-	-	-	-	120	130	{Uncertain to Nov.}	85 0	-	-		
1817	-	-	28 0	34 0	27 0	30 0	-	-	-	-	-	-	-	105	-	133	-	-	-		
1818	27 0	30 0	28 0	32 0	25 0	29 0	26 0	31 0	-	-	133	-	-	123	-	No price after April.	-	-	-		
1819	-	-	24 0	27 0	26 0	30 0	-	-	-	2s. 6d.	-	-	-	No price	-	-	-	-	-		
1820	26 0	30 0	26 0	30 0	26 0	28 6	24 0	27 0	-	-	115	-	-	No price	-	No price	-	-	-		
1821	24 0	27 0	22 6	25 0	19 0	23 0	20 0	22 0	-	-	100	104	100	102	94	95	94 0	95	-		
1822	20 0	23 0	19 0	23 0	19 0	22 0	18 0	21 0	-	-	100	103	105	-	95	-	102 0	108	-		
1823	19 0	23 0	20 0	24 0	23 0	26 0	18 0	22 0	-	-	102	108	Uncertain	105	108	105	108	108	-		
1824	16 0	20 0	18 0	20 0	16 0	20 0	16 0	18 0	-	-	102	105	105	108	100	105	100 0	105	-		
1825	16 0	19 0	21 0	24 0	17 0	21 0	16 0	20 0	-	1s. Nov.	95	-	95	100	97	100	100 0	105	-		
1826	16 0	20 0	16 0	20 0	13 6	15 6	14 6	18 0	-	6d. July.	105	-	110	115	115	120	126 0	-	-		
1827	14 6	18 0	13 0	18 0	12 0	16 0	12 6	14 0	-	-	126	-	115	-	103	-	105 0	-	-		
1828	12 6	14 0	10 0	12 6	10 0	12 6	10 6	12 9	-	-	105	-	97	-	106	112	103 0	-	-		
1829	10 0	12 0	9 0	11 0	9 0	11 0	9 0	11 6	-	-	103	-	96	-	96	98	90 0	93	-		
1830	9 3	11 0	9 3	11 0	9 3	11 0	8 3	10 6	-	-	No price	68	90	88	90	88 0	-	-	-		
1831	8 0	10 0	7 4	9 0	7 4	9 6	6 6	8 6	-	-	88	-	86	88	86	88	86 0	88	-		
1832	7 0	8 6	7 2	8 10	7 0	9 6	6 8	9 0	-	-	86	88	86	88	86	88	96 0	-	-		
1833	6 8	9 0	6 4	8 6	7 6	9 0	7 9	9 9	-	-	96	-	94	-	94	-	103 0	-	-		
1834	8 3	10 6	7 4	9 0	7 0	9 0	7 4	9 3	-	-	103	-	98	-	95	98	95 0	98	-		
1835	7 6	9 3	8 4	10 0	7 6	10 0	7 0	8 10	-	-	94	98	91	-	91	-	91 0	-	-		
1836	7 0	9 0	7 1	9 0	7 2	9 6	6 8	8 8	-	-	95	-	103	105	114	115	106 0	108	-		
1837	6 9	8 9	6 6	8 8	6 0	8 0	6 0	7 10	-	-	103	-	92	-	81	82	94 0	95	-		
1838	6 4	8 0	6 4	8 6	-	-	-	-	-	-	92	-	91	-	-	-	-	-	-		

COTTON WOOL, West India, Surinam, &c. Demerara instead of Surinam from 1820.										COTTON WOOL, Bowed Georgia.											
Year.	Per lb.								Duty.	Per lb.								Duty.			
	s.d.	s.d.	s.d.	s.d.	s.d.	s.d.	s.d.	s.d.		s.d.	s.d.	s.d.	s.d.	s.d.	s.d.	s.d.	s.d.				
1782	-	-	-	1	8	3	0	2	0	a	3	6	-	-	-	-	-	Free.			
1783	-	-	-	1	9	3	0	1	1	1	1	1	-	-	-	-	-	-			
1784	-	-	-	1	0	1	1	0	1	2	2	1	-	-	-	-	-	-			
1785	1	2	a	1	1	0	-	-	-	1	2	1	1	0	-	-	1	9	a	2	3
1786	-	-	-	1	1	0	-	-	-	2	3	3	6	-	-	-	-	-	-	-	
1787	2	0	3	6	-	-	-	-	-	7	2	8	2	0	2	1	0	1	9	2	6
1788	-	-	-	1	9	2	9	1	2	1	8	-	-	-	-	-	-	-	-	-	
1789	1	2	1	6	-	-	-	-	-	1	0	1	7	-	-	-	1	2	1	1	0
1790	-	-	-	1	1	8	1	0	1	9	-	-	-	-	-	-	-	-	-	-	
1791	-	-	-	1	1	1	9	1	9	2	6	-	-	-	-	-	-	-	-	-	
1792	1	9	2	6	-	-	-	-	-	8	2	0	-	-	-	-	1	9	2	3	-
1793	1	8	2	3	-	-	-	-	-	0	2	0	-	-	-	-	1	2	2	2	-
1794	1	2	2	2	-	-	-	-	-	1	1	1	1	0	-	-	1	3	1	1	-
1795	-	-	-	1	3	1	1	1	1	9	2	6	-	-	-	-	-	-	-	-	-
1796	-	-	-	1	9	2	6	1	7	2	4	-	-	-	-	-	-	-	-	-	-
1797	-	-	-	1	5	2	6	2	2	3	4	-	-	-	-	-	-	-	-	-	-
1798	-	-	-	2	1	3	4	2	6	3	4	-	-	-	-	-	-	-	-	-	-
1799	2	6	3	2	3	4	4	7	1	6	2	6	-	-	-	-	2	5	3	9	-
1800	1	8	2	9	-	-	-	-	-	3	3	3	2	-	-	-	1	6	3	0	-
1801	-	-	-	2	1	3	0	-	-	1	9	2	8	-	-	-	-	-	-	-	-
1802	1	9	2	9	-	-	-	-	-	1	5	2	3	-	-	-	1	0	3	2	-
1803	-	-	-	1	4	2	2	1	2	2	3	-	-	-	-	-	-	-	-	-	-
1804	-	-	-	1	0	2	1	1	6	2	4	-	-	-	-	-	-	-	-	-	-
1805	-	-	-	1	6	2	4	1	5	2	0	-	-	-	-	-	-	-	-	-	-
1806	1	5	2	2	-	-	-	-	-	2	1	1	3	1	1	1	1	2	1	3	-
1807	-	-	-	1	3	1	0	1	2	1	9	-	-	-	-	-	-	-	-	-	-
1808	-	-	-	1	2	1	9	2	5	2	9	-	-	-	-	-	-	-	-	-	-
1809	2	6	3	0	1	2	1	8	-	-	1	7	2	0	-	-	1	6	3	0	-
1810	-	-	-	1	0	2	3	1	5	1	9	-	-	-	-	-	-	-	-	-	-
1811	1	5	1	9	-	-	-	-	-	0	9	1	3	1	2	1	5	-	-	-	-
1812	1	2	1	6	-	-	-	-	-	0	1	1	1	1	1	1	1	0	1	6	-
1813	-	-	-	1	0	1	8	2	0	2	6	-	-	-	-	-	-	-	-	-	-
1814	2	3	2	8	2	6	2	1	0	1	0	2	3	2	2	2	2	4	2	6	-
1815	1	9	2	4	1	6	2	1	1	1	2	8	1	6	2	0	1	2	1	4	-
1816	-	-	-	1	7	2	0	1	4	1	1	0	-	-	-	-	1	5	1	7	-
1817	1	6	1	1	2	0	2	1	-	-	1	6	1	1	1	-	1	6	1	1	-
1818	1	6	2	0	1	8	2	2	-	-	1	3	1	1	-	-	1	4	1	6	-
1819	1	3	1	1	1	1	3	1	0	1	6	0	1	1	1	3	1	0	1	2	-
1820	1	1	1	5	0	1	1	1	1	1	1	3	1	1	1	1	1	0	1	2	-
1821	0	8	1	1	0	7	1	0	1	1	0	8	1	0	1	-	0	8	1	0	-
1822	0	8	1	0	0	8	1	0	0	7	1	0	1	0	1	-	0	8	1	0	-
1823	0	8	0	1	0	0	8	1	0	1	0	1	0	1	0	-	0	8	1	0	-
1824	0	9	1	0	0	9	1	0	0	8	1	0	0	8	0	1	0	9	1	0	-
1825	0	9	1	0	0	1	1	1	4	1	6	1	1	0	8	1	0	9	1	0	-
1826	0	8	1	0	0	7	0	1	0	0	6	1	0	1	0	-	0	8	1	0	-
1827	0	6	1	0	0	6	1	0	0	6	0	5	0	8	2	-	0	6	1	0	-
1828	0	5	0	8	0	5	0	8	0	6	0	5	0	8	2	-	0	5	0	8	-
1829	0	6	0	8	0	6	0	8	0	5	0	7	0	5	0	8	-	0	6	0	-
1830	0	5	0	8	0	6	0	9	0	6	0	9	0	6	0	1	0	5	0	8	-
1831	0	6	0	9	0	6	0	8	0	5	0	9	0	5	0	9	-	0	6	0	-
1832	0	5	0	9	0	5	0	8	0	6	0	8	0	7	0	1	0	5	0	9	-
1833	0	6	0	9	0	7	0	1	0	8	0	1	0	9	1	3	-	0	6	0	-
1834	0	8	0	1	0	7	1	0	8	1	1	0	8	1	0	1	1	0	8	1	-
1835	0	1	1	2	0	9	1	2	0	1	0	1	4	0	9	1	2	0	9	1	-
1836	0	9	1	2	0	9	1	3	0	1	0	1	4	0	9	1	3	0	9	1	-
1837	0	9	1	3	0	8	1	1	0	0	6	1	0	8	0	5	1	0	9	1	-
1838	0	7	1	0	0	6	0	1	1	-	-	-	-	-	-	-	-	-	-	-	-

FLAX, St. Petersburg, 12 Head till 1833, then 9 Head.										HEMP, St. Petersburg, Clean.									
Year.	Per Ton.								Duty.	Per Ton.								Duty.	
	£	£	£	£	£	£	£	£		£	£	£	£	£					
1782	-	-	36	38	44	48	-	-	Free	-	-	31	33	33	36	-	-	3s. 8d.	-
1783	-	-	46	50	40	43	-	-	-	-	-	34	37	24	27	-	-	-	-
1784	-	-	40	41	45	47	-	-	-	-	-	21	23	20	22	-	-	-	-
1785	-	-	46	48	36	40	-	-	-	-	-	22	24	21	23	-	-	-	-
1786	-	-	38	42	45	47	-	-	-	-	-	16	17	32	34	-	-	-	-
1787	41	46	38	40	-	-	44	46	-	31	34	28	30	-	-	33	39	-	-
1788	44	45	30	39	-	-	42	43	-	39	40	28	29	-	-	30	31	-	-
1789	-	-	43	44	48	49	-	-	-	28	29	30	31	-	-	26	27	-	-
1790	45	47	47	48	-	-	44	45	-	26	27	30	31	-	-	23	24	-	-
1791	-	-	41	42	35	37	-	-	-	-	-	25	26	20	21	-	-	-	-
1792	-	-	35	37	31	32	-	-	-	-	-	23	25	24	26	-	-	-	-
1793	31	32	36	39	uncertain	33	35	-	-	26	27	22	23	-	-	26	27	-	-
1794	33	35	28	32	-	-	38	42	-	-	-	27	28	29	30	-	-	-	-
1795	-	-	38	42	54	56	-	-	-	-	-	32	33	43	45	-	-	-	-
1796	-	-	52	55	54	57	-	-	-	-	-	50	51	58	59	-	-	4s. 0 ⁸ d.	-
1797	54	57	uncertain	44	45	48	50	-	-	53	54	37	39	-	-	43	44	4s. 2 ³ d.	-
1798	51	53	49	50	-	52	54	-	{ 21s. 8d. } { 3 ⁴ Ton. }	35	37	32	34	38	41	-	-	5s. 2d.	-
1799	52	54	62	64	uncertain	66	69	-	-	-	-	34	37	46	47	-	-	-	-
1800	64	67	70	71	-	62	66	-	-	-	-	50	51	72	77	-	-	-	-
1801	73	74	78	79	57	58	64	66	-	80	81	85	86	-	-	43	45	-	-
1802	65	66	63	64	-	76	79	-	-	43	45	31	32	-	-	50	51	-	-
1803	-	-	83	84	78	82	-	-	3 ³ d. 3 ⁴ cwt.	50	51	54	55	-	-	52	53	6s. 2 ³ d.	-
1804	-	-	80	82	82	83	-	-	3 ³ d.	-	-	47	48	52	53	-	-	6s. 10 ⁸ d.	-
1805	80	82	70	74	-	72	75	-	4 ¹ d.	54	56	48	51	-	-	56	57	7s.	-
1806	71	72	63	64	-	67	68	-	4 ¹ d.	57	58	51	52	-	-	57	58	7s. 5 ¹ d.	-
1807	68	70	72	75	65	68	75	80	-	62	63	57	58	-	-	65	66	-	-
1808	-	-	75	80	140	142	-	-	-	67	68	117	118	-	-	114	115	-	-
1809	140	142	Uncertain	105	107	98	100	-	4d.	117	118	Uncertain	94	95	71	72	7s. 8d.	-	
1810	98	100	68	70	-	71	72	-	-	75	76	57	58	-	-	68	72	-	-
1811	-	-	72	74	100	105	-	-	-	-	-	68	70	81	85	-	-	-	-
1812	103	105	95	100	-	103	108	-	-	-	-	82	86	99	102	-	-	-	-
1813	100	102	75	78	96	100	83	90	4 ¹ d.	81	87	72	74	77	78	72	73	9s. 1 ¹ d.	-
1814	83	90	68	68	68	72	-	-	-	72	73	41	43	-	-	45	47	-	-
1815	70	72	76	78	-	68	70	-	-	45	48	49	51	-	-	33	34	-	-
1816	68	70	43	45	-	50	52	-	-	55	56	30	33	-	-	35	36	-	-
1817	-	-	52	54	69	70	-	-	-	33	30	-	-	-	-	35	-	-	-
1818	69	70	65	66	-	70	72	-	-	38	39	39	40	-	-	36	37	-	-
1819	55	59	50	51	60	61	49	50	5d.	36	37	32	33	-	-	33	34	9s. 2d.	-
1820	60	55	48	50	60	63	52	54	5s.	34	35	35	35	32	33	30	30	-	-
1821	52	53	48	50	46	47	50	52	-	29	30	29	30	27	27	39	41	-	-
1822	50	52	48	50	44	45	49	50	-	41	43	28	30	27	27	30	31	-	-
1823	50	51	58	54	55	54	-	-	Rs. 4d. Dec.	30	31	29	30	37	37	-	-	-	-
1824	48	50	46	48	43	44	47	49	-	37	37	37	35	35	36	40	41	-	-
1825	48	50	40	51	42	44	44	45	-	42	41	41	42	40	41	44	-	-	-
1826	42	33	32	36	-	-	-	-	4d.	43	43	41	41	38	39	40	41	4s. 8d.	-
1827	37	37	38	39	37	35	-	-	Nov. 3. 3d.	40	41	42	42	41	39	-	-	-	-
1828	36	36	35	35	34	35	33	33	-	39	39	38	38	39	40	43	45	-	-
1829	36	36	37	37	34	35	35	36	-	43	39	38	38	39	40	38	40	-	-
1830	36	36	37	38	45	46	48	-	-	45	45	44	44	39	40	38	40	-	-
1831	45	48	50	51	51	52	51	-	1d.	37	39	38	39	40	42	37	37	-	-
1832	51	-	44	45	42	44	42	44	-	37	37	36	36	31	35	27	27	1d. Aug.	-
1833	-	-	59	-	39	-	39	-	-	27	28	25	26	24	24	25	26	-	-
1834	45	-	39	-	46	-	51	-	-	24	24	24	24	24	24	24	24	-	-
1835	50	-	-	-	-	-	46	-	-	24	25	26	26	24	25	25	25	-	-
1836	-	-	-	-	-	-	46	-	-	25	27	27	28	27	27	30	31	-	-
1837	46	-	46	35	38	39	-	-	-	31	31	33	33	30	-	28	29	-	-
1838	35	39	35	39	-	-	-	-	-	29	29	29	29	-	-	-	-	-	-

HOPS, Kent Yearlings, including Duty.						LEAD, English, in Figs.									
Year.	Cwt.					Duty.	Per Fodder, 19½ Cwt.								
	s.	s.	s.	s.	s.		£	s.	£	s.	£	s.	£	s.	£
1782	-	-	30 a	90	70 a	135	14,896	-	-	18 0	-	19 0	-	-	-
1783	-	-	120	210	90	125	75,717	-	-	20 5	-	17 10	-	-	-
1784	-	-	80	126	70	165	94,390	-	-	16 0 a	17 5	18 0 a	18 5	-	-
1785	80 a	118	95	120	70	108	112,684	-	-	18 5	-	17 10	-	-	-
1786	70	107	50	64	-	40 a	76	-	-	17 10	-	18 10	-	-	-
1787	-	-	80	105	160	200	48,227	-	-	18 10	-	22 10	-	-	-
1788	189	240	220	340	-	120	160	-	-	22 10	-	24 0	-	22 10	-
1789	110	155	150	170	-	115	130	-	-	22 10	-	20 5	-	-	-
1790	-	-	95	120	60	80	-	-	-	19 5	-	18 15	-	-	-
1791	-	-	80	120	105	140	-	-	-	18 15	-	20 15	-	-	-
1792	80	105	50	60	-	-	56	105	-	20 15	-	5	-	-	-
1793	56	112	140	230	-	-	120	200	-	20 15	-	-	-	-	-
1794	-	-	200	252	50	80	-	-	-	20 15	-	18 0	-	-	-
1795	-	-	70	105	90	120	-	-	-	17 6	-	21 0	-	-	-
1796	-	-	84	105	56	75	-	-	-	21 10	-	20 10	-	-	-
1797	94	130	130	175	-	100	112	-	-	19 10	-	-	-	-	-
1798	90	115	164	180	-	-	-	-	-	19 10	-	19 0	-	-	-
1799	-	-	210	215	300	378	-	-	-	20 10	-	21 0	-	-	-
1800	320	353	235	300	-	310	360	-	-	22 10	-	25 0	-	-	-
1801	-	-	220	320	50	86	-	-	-	25 0	-	28 0	-	-	-
1802	76	110	210	252	-	130	180	-	-	28 0	-	33 10	-	-	-
1803	-	-	205	230	90	100	-	-	-	33 10	-	33 0	-	-	-
1804	92	126	110	130	-	60	84	-	-	33 0	-	-	-	-	-
1805	74	105	120	147	-	95	116	-	-	40 0	-	39 0	-	41 0	-
1806	-	-	116	155	86	102	-	-	-	41 0	-	38 0	-	-	-
1807	-	-	88	115	120	150	-	-	-	38 0	-	30 0	-	-	-
1808	-	-	112	140	60	80	-	-	-	28 0	-	43 0	-	-	-
1809	75	115	84	135	-	60	110	-	-	43 0	-	38 0	-	-	-
1810	90	147	76	125	-	95	140	-	-	38 0	-	-	-	33 0	-
1811	115	192	139	160	-	100	147	-	-	33 0	34 0	27 10	-	-	-
1812	120	160	140	230	-	260	280	-	-	30 0	-	-	-	29 0	-
1813	260	360	310	420	-	200	240	-	-	29 0	31 0	29 0	30 0	-	-
1814	140	200	160	189	-	140	175	-	-	33 0	34 0	-	-	28 0	30
1815	160	215	180	280	-	168	259	-	-	28 0	-	25 0	-	-	-
1816	-	-	120	180	280	360	-	-	-	18 0	-	-	-	19 0	-
1817	290	400	500	640	310	500	600	700	-	18 0	-	-	-	26 0	-
1818	-	-	540	640	110	185	-	-	-	26 0	-	24 0	-	26 0	-
1819	-	-	112	180	76	100	-	-	-	23 0	-	-	-	28 0	-
1820	76	100	70	95	80	112	70	100	-	23 0	-	23 0	-	23 10	-
1821	70	110	63	90	63	90	63	105	-	23 10	-	22 10	-	22 10	-
1822	63	112	80	112	60	90	60	105	-	23 0	-	22 10	-	23 0	-
1823	60	100	50	100	105	160	120	155	-	23 0	-	-	-	23 0	-
1824	210	360	189	315	126	168	146	180	-	23 10	-	23 10	-	23 0	-
1825	140	180	147	189	315	357	380	400	-	24 0	-	30 0	-	26 0	-
1826	280	420	200	340	160	260	80	114	-	22 0	-	23 0	-	21 0	-
1827	84	112	90	112	105	140	84	96	-	21 10	-	20 5	-	19 5	-
1828	84	130	84	130	75	105	90	140	-	19 5	-	19 0	-	18 10	-
1829	90	147	90	140	126	145	147	240	-	17 10	-	17 10	-	15 0	-
1830	140	240	147	210	147	224	150	315	-	14 0	-	14 5	-	14 0	-
1831	150	315	150	315	150	320	75	168	-	14 15	-	15 0	-	13 10	-
1832	100	168	100	168	100	160	115	230	-	14 0	-	14 0	-	15 5	-
1833	140	230	110	240	55	140	140	210	-	13 0	-	14 0	-	18 5	-
1834	112	210	-	-	-	-	112	189	-	16 10	-	17 15	-	19 0	-
1835	-	-	-	-	112	189	-	-	-	18 15	-	18 15	-	24 10	-
1836	90	140	89	152	70	90	105	210	-	20 5	-	27 15	-	20 0	-
1837	95	189	94	168	75	130	84	126	-	23 10	-	18 5	-	20 0	-
1838	78	140	84	140	-	-	-	-	-	20 0	-	21 15	-	-	-

INDIGO, East India, Superior.										INDIGO, East India, Interior.									
Year	Per lb.								Duty.	Per lb.								Duty.	
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.		s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.		
1782	-	-	6 6	8 0	9 0	10 6	-	-	1d. per lb.	-	-	4 0	5 6	6 0	6 6	-	-	1d. per lb.	-
1783	-	-	7 0	10 0	6 0	8 0	-	-	-	-	-	4 0	5 6	6 0	7 0	-	-	-	-
1784	-	-	7 6	9 0	6 0	7 0	-	-	-	-	-	6 0	7 0	2 0	3 0	-	-	-	-
1785	-	-	7 0	8 0	5 6	6 3	-	-	-	-	-	4 0	6 3	1 9	3 6	-	-	-	-
1786	-	-	6 0	7 0	5 6	6 6	-	-	-	-	-	2 6	4 6	3 0	4 0	-	-	-	-
1787	7 0	a 8 0	9 0	9 6	-	-	6 0	a 7 6	Free	1 6	a 6 0	3 0	5 0	-	-	2 9	a 4 6	Free	-
1788	-	-	6 6	8 0	6 8	7 9	-	-	-	-	-	2 9	5 0	2 3	4 6	-	-	-	-
1789	-	-	7 6	8 0	8 0	10 0	-	-	-	-	-	5 0	6 0	6 0	7 0	-	-	-	-
1790	-	-	7 6	9 0	5 9	8 6	-	-	-	-	-	1 6	2 9	3 0	4 6	-	-	-	-
1791	-	-	7 0	9 0	8 0	10 6	-	-	-	-	-	5 0	6 0	7 0	8 0	-	-	-	-
1792	-	-	9 0	10 6	8 6	10 0	-	-	-	-	-	7 0	8 6	7 0	8 0	-	-	-	-
1793	7 6	8 8	8 6	10 6	-	-	8 0	9 6	-	6 0	7 0	5 0	6 0	-	-	5 9	6 6	-	-
1794	-	-	7 6	9 6	8 6	10 6	-	-	-	-	-	3 6	6 0	4 0	7 6	-	-	-	-
1795	-	-	8 6	10 6	6 9	7 9	-	-	-	-	-	5 0	7 6	4 0	6 6	-	-	-	-
1796	-	-	9 6	11 0	7 0	9 0	-	-	-	-	-	4 0	8 6	6 2	6 6	-	-	-	-
1797	-	-	6 0	10 0	7 0	11 6	-	-	-	-	-	1 9	5 0	3 9	6 6	-	-	-	-
1798	-	-	8 6	10 6	11 0	13 6	-	-	-	-	-	3 9	8 0	4 9	10 6	-	-	-	-
1799	-	-	7 0	8 6	11 0	13 9	-	-	-	-	-	3 9	6 6	4 0	10 6	-	-	-	-
1800	-	-	8 0	9 6	9 6	12 0	-	-	-	-	-	3 6	7 6	4 9	9 0	-	-	-	-
1801	-	-	8 0	11 6	9 9	11 3	-	-	-	-	-	4 9	8 0	6 6	9 0	-	-	-	-
1802	-	-	9 0	10 6	-	-	-	-	-	-	-	6 6	8 6	-	-	-	-	-	-
1803	-	-	9 0	10 9	9 6	11 3	-	-	{11s. 8d.}	-	-	7 0	8 9	6 0	9 0	-	-	{11s. 8d.}	-
1804	-	-	9 6	11 3	10 0	12 0	-	-	{per 100lb}	-	-	6 0	9 0	7 0	9 6	-	-	{13s. 0d.}	-
1805	10 0	12 0	10 0	13 3	-	-	10 6	14 0	13 3d.	8 6	9 6	6 6	9 6	-	-	8 3	10 0	13 3d.	-
1806	-	-	11 0	14 0	11 0	14 6	-	-	14 1d.	-	-	8 5	10 6	4 0	10 0	-	-	14 1d.	-
1807	-	-	11 6	14 6	9 6	12 0	-	-	14 4	-	-	4 0	10 6	3 0	9 0	-	-	14 4	-
1808	9 6	12 0	10 0	11 9	9 0	11 3	-	-	-	3 0	9 0	4 6	9 6	-	-	3 6	8 6	-	-
1809	9 6	11 2	9 3	10 1	8 9	10 0	9 6	12 0	-	3 6	9 3	4 0	9 2	6 7	0	4 0	9 0	-	-
1810	9 6	12 6	10 6	14 0	-	-	9 6	12 0	-	4 6	9 6	10 0	10 0	-	-	4 0	9 0	-	-
1811	10 0	12 0	8 0	9 6	-	-	8 6	10 6	-	3 6	9 6	6 2	6 6	-	-	3 0	7 6	-	-
1812	9 6	11 6	9 0	11 0	-	-	9 6	11 6	-	3 9	8 0	3 6	8 0	-	-	4 0	9 0	-	-
1813	-	-	9 6	11 6	12 0	16 0	-	-	-	4 6	9 0	3 9	8 6	-	-	6 0	11 6	-	-
1814	-	-	12 0	16 0	11 0	13 6	-	-	2d. per lb.	-	-	7 0	11 6	5 0	10 6	-	-	2d. per lb.	-
1815	10 6	12 9	10 0	12 0	-	-	9 0	11 0	-	5 0	10 0	3 6	9 6	-	-	4 0	8 9	-	-
1816	-	-	9 0	11 0	8 9	10 6	-	-	-	-	-	4 0	8 9	2 0	7 6	-	-	-	-
1817	9 0	11 0	8 6	10 0	9 6	11 6	9 0	10 0	-	3 6	8 6	6 3	8 0	6 6	9 0	3 8	9	-	-
1818	-	-	8 9	10 0	7 3	9 0	-	-	-	-	-	5 3	8 6	4 8	7 0	-	-	-	-
1819	-	-	7 3	9 0	7 0	9 0	-	-	5d.	-	-	4 8	7 0	3 6	6 6	-	-	5d.	-
1820	7 0	9 0	5 6	7 10	6 4	8 0	6 4	8 0	-	3 6	6 6	6 2	10 5	0 2	10 3	9 6	0	-	-
1821	6 4	8 0	6 3	8 3	8 0	11 9	8 0	11 9	-	3 9	6 0	3 9	6 0	3 9	6 6	6 7	0	-	-
1822	8 0	13 9	8 0	10 9	8 0	11 0	9 0	12 0	-	5 6	7 9	5 6	7 0	6 0	7 6	5 8	6	-	-
1823	8 0	12 9	9 0	10 9	7 6	9 0	7 0	9 2	-	6 0	7 6	8 0	9 0	6 0	7 3	8 7	0	-	-
1824	6 9	5 0	8 3	11 9	10 9	13 0	10 0	13 6	-	4 2	5 0	4 0	7 9	3 0	4 3	0 9	9	-	-
1825	10 6	15 0	12 0	16 0	10 0	12 6	11 9	15 9	Ad. July	3 6	10 0	3 6	11 6	6 0	9 6	5 0	11 3	Ad. July	-
1826	11 0	15 0	7 6	11 0	7 0	10 6	8 4	11 10	3d. per lb.	4 0	11 0	3 0	7 6	2 6	6 6	6 3	0 8	3d. per lb.	-
1827	10 6	13 0	10 6	13 4	11 3	13 10	10 0	13 0	-	3 0	10 4	3 0	10 4	3 0	11 2	2 3	5 9	-	-
1828	9 9	13 0	9 0	10 9	7 9	10 0	8 11	10 0	-	3 5	9 0	3 5	8 0	2 3	7 0	2 10	8 0	-	-
1829	8 11	10 0	8 8	10 3	8 3	9 8	6 9	8 9	-	2 10	8 0	3 0	8 0	2 2	7 6	1 9	6 0	-	-
1830	6 9	8 9	7 0	11 0	6 6	8 0	6 6	7 8	-	1 9	6 0	3 0	6 9	2 6	6 6	3 2	9 6	-	-
1831	6 6	7 8	6 0	7 6	6 6	7 2	5 3	6 3	-	2 9	6 4	2 7	5 10	3 0	6 4	3 0	5 2	-	-
1832	5 3	6 3	5 0	6 0	5 0	6 2	4 10	6 0	-	1 9	5 2	2 0	5 0	2 3	5 0	2 2	4 9	-	-
1833	4 10	6 0	4 10	6 0	4 6	6 0	6 0	8 0	-	2 2	4 9	2 0	4 9	2 8	4 4	2 10	6 0	-	-
1834	6 0	8 0	5 9	6 11	5 9	6 11	5 0	6 3	-	2 10	5 10	3 1	5 9	3 1	5 9	3 0	5 0	-	-
1835	4 9	6 3	6 3	7 6	6 6	7 6	5 9	6 3	-	3 2	4 9	5 0	6 3	4 5	10	3 0	5 8	-	-
1836	5 2	6 3	5 9	7 1	6 6	7 9	6 4	8 0	-	3 6	5 0	3 0	6 0	1 0	6 3	4 0	6 4	-	-
1837	6 4	8 6	6 6	8 0	6 0	7 6	7 0	8 0	-	4 0	6 4	6 6	7 3	0	10	3 6	10	-	-
1838	7 4	8 6	7 0	8 6	-	-	-	-	-	3 6	7 4	3 6	7 0	-	-	-	-	-	-

OIL, Northern Fishery, without Casks.										OIL, Gallipoli, in Bond.									
Year.	Per Tun 252 Gallons.								Duty. Ton.	Per Tun 256 Gallons.								Duty. 252 Gallons.	
	£ s. £	£ s. £	£ s. £	£ s. £	£ s. £	£ s. £	£ s. £		s. d.	£ s. £	£ s. £	£ s. £	£ s. £	£ s. £	£ s. £	£ s. £	£ s. £	£ s. d.	
1782	-	-	25 0a	26 28 0a	29 29 0a	-	-	-	12 2	-	-	36 a	37 41 a	42 -	-	-	-	7 9 5	-
1783	-	-	21 0	22 38 0	23 -	-	-	-	-	-	-	45 46	47 48	-	-	-	-	-	-
1784	-	-	29 0	30 19 0	20 -	-	-	-	-	-	-	39 40	51 53	-	-	-	-	-	-
1785	-	-	26 0	27 20 0	21 -	-	-	-	-	-	-	50 51	40 41	-	-	-	-	-	-
1786	-	-	21 0	22 17 0	20 -	-	-	-	-	-	-	40 41	47 48	-	-	-	-	-	-
1787	-	-	16 0	-	20 0	-	-	-	-	-	-	34 -	42 -	-	-	-	-	-	-
1788	-	-	17 0	18 15 0	17 -	-	-	-	-	-	-	35 36	39 40	-	-	-	-	-	-
1789	-	-	16 0	17 18 0	19 -	-	-	-	-	-	-	42 44	38 39	-	-	-	-	-	-
1790	-	-	17 0	18 21 0	23 -	-	-	-	-	-	-	36 39	40 43	-	-	-	-	-	-
1791	-	-	17 0	18 23 0	24 -	-	-	-	-	-	-	38 40	36 37	-	-	-	-	-	-
1792	-	-	23 0	24 25 0	26 -	-	-	-	-	-	-	36 37	41 45	-	-	-	-	-	-
1793	26 0a	27 20 0	28 -	-	-	23 0a	24 -	-	-	42 0a	46 56 58	-	-	53 0a	54 -	-	-	-	-
1794	-	-	23 0	24 25 0	26 -	-	-	-	-	-	-	56 60	50 53	-	-	-	-	-	-
1795	-	-	25 0	26 36 0	37 -	-	-	-	-	-	-	47 48	65 66	-	-	-	-	-	-
1796	36 0	38 29 0	39 -	-	-	35 0	36 -	-	-	-	-	65 67	46 48	-	-	-	7 7 9½	-	-
1797	36 0	38 28 0	39 -	-	-	31 0	32 -	-	-	-	-	51 52	65 70	-	-	-	-	-	-
1798	30 0	31 27 0	32 -	-	-	30 0	31 -	-	-	-	-	65 68	70 71	60 0	63 -	-	9 4 11½	-	-
1799	-	-	26 0	27 28 0	29 -	-	-	-	-	-	-	66 68	75 77	64 0	65 -	-	-	-	-
1800	-	-	25 0	26 40 0	41 -	-	-	-	-	-	-	65 66	59 62	-	-	-	-	-	-
1801	42 0	46 49 0	50 -	-	-	45 0	46 -	-	-	-	-	59 60	61 63	-	-	-	-	-	-
1802	40 0	42 31 0	32 33 0	34 -	-	-	-	-	-	61 0	63 52 53	62 63	-	-	-	-	-	-	-
1803	-	-	32 0	34 38 0	40 -	-	-	-	13 9½	63 0	64 66 68	53 54	-	-	-	-	10 16 6	-	-
1804	-	-	36 0	37 34 0	35 -	-	-	-	13 1½	70 0	74 51 52	70 73	-	-	-	-	12 0 7½	-	-
1805	34 0	35 38 0	43 -	-	-	31 0	32 -	-	13 4½	-	-	68 70	-	74 0	75 -	-	12 5 5	-	-
1806	-	-	27 0	28 26 0	27 -	-	-	-	14 3½	-	-	73 76	63 66	-	-	-	13 1 5½	-	-
1807	-	-	26 0	28 21 0	22 -	-	-	-	-	-	-	64 67	68 70	-	-	-	-	-	-
1808	21 0	22 28 0	30 25 0	26 36 0	37 -	-	-	-	-	69 0	70 84 85	-	-	68 0	71 -	-	-	-	-
1809	36 0	37 34 0	35 -	-	-	42 0	45 -	-	7 0	67 0	70 77 78	70 71	61 0	65 -	-	-	13 3 4	-	-
1810	38 0	39 43 0	44 -	-	-	40 0	41 -	-	-	-	-	64 66	58 59	-	-	-	-	-	-
1811	-	-	42 0	43 31 0	33 -	-	-	-	-	-	-	57 59	69 73	-	-	-	-	-	-
1812	34 0	35 42 0	45 -	-	-	35 0	36 -	-	-	-	-	75 77	87 88	89 0	97 -	-	-	-	-
1813	44 0	45 36 0	40 -	-	-	36 0	40 -	-	8 3½	-	-	83 85	95 97	85 0	90 -	-	15 12 8½	-	-
1814	57 0	58 33 0	34 -	-	-	42 0	43 -	-	-	-	-	87 90	58 60	65 0	68 -	-	-	-	-
1815	49 0	43 32 0	33 44 0	45 34 0	35 -	-	-	-	-	-	-	-	69 70	76 0	78 -	-	-	-	-
1816	35 0	-	22 0	-	-	37 0	-	-	-	-	-	75 76	60 61	82 0	83 -	-	-	-	-
1817	35 0	38 30 0	31 -	-	-	58 0	59 -	-	-	-	-	83 85	80 81	84 0	86 -	-	-	-	-
1818	58 0	59 33 0	34 41 0	42 37 0	39 -	-	-	-	-	-	-	84 86	67 73	85 0	90 -	-	-	-	-
1819	36 0	37 32 0	33 38 0	39 33 0	34 -	-	-	-	8 3	85 0	90 57 58	66 67	59 0	60 -	-	-	1b 13 0	-	-
1820	30 0	-	33 0	-	-	23 10	-	-	-	58 0	61 60 64	56 60	54 0	55 -	-	-	-	-	-
1821	25 0	-	-	-	-	19 0	-	-	-	55 0	56 No price	45 -	50 10	-	-	-	-	-	-
1822	22 0	-	-	-	-	26 0	-	-	-	50 10	-	39 -	42 0	43 -	-	-	-	-	-
1823	26 0	-	21 0	-	23 0	-	18 5	-	-	42 0	43 43 44	45 47	45 0	48 -	-	-	-	-	-
1824	18 0	-	18 15	-	21 15	-	25 0	-	-	46 0	48 45 46	42 43	44 0	-	-	-	-	-	-
1825	28 10	-	26 0	-	28 10	-	32 0	-	-	43 0	44 45 -	46 47	40 0	42 -	-	-	7 0 0	-	-
1826	36 0	-	33 0	-	26 10	-	32 0	-	1 0	13 0	-	43 41	42 -	36 0	39 -	-	8 8 0	-	-
1827	34 10	-	29 0	-	28 10	-	21 0	-	-	42 0	-	49 50	46 47	42 0	44 -	-	-	-	-
1828	22 0	-	21 5	-	27 0	-	30 0	-	-	43 0	44 44 45	38 40	39 0	40 -	-	-	-	-	-
1829	25 15	-	25 15	-	25 0	-	29 0	-	-	40 0	41 44 45	42 -	-	-	-	-	-	-	-
1830	23 0	-	31 0	-	30 15	-	34 10	-	-	39 0	-	41 42	40 -	52 0	54 -	-	-	-	-
1831	52 10	-	38 0	-	30 0	-	39 0	-	-	44 0	-	48 -	24 35	38 0	40 -	-	-	-	-
1832	33 10	-	31 10	-	30 0	-	23 10	-	-	44 0	-	43 -	45 -	42 0	-	-	-	-	-
1833	24 10	-	24 0	-	26 10	-	24 5	-	-	42 0	-	51 -	19 50	51 0	52 -	-	-	-	-
1834	22 0	-	23 0	-	23 0	-	25 0	-	-	50 0	51 44 -	45 -	46 0	-	-	-	-	-	-
1835	26 0	-	26 10	-	25 10	-	42 0	-	-	54 0	55 54 -	55 56	60 0	-	-	-	4 4 0 P.S.	-	-
1836	38 18	-	41 0	-	-	No price	-	-	-	60 0	61 58 59	56 -	56 0	57 -	-	-	-	-	-
1837	-	-	-	-	-	No price	-	-	-	53 0	-	53 -	45 47	53 0	55 -	-	-	-	-
1838	-	-	No price	-	-	-	-	-	-	53 0	-	54 -	-	-	-	-	-	-	-

PROVISIONS. — Butter, Waterford.										PROVISIONS. — Irish Mess-Beef.									
Years.	Per Cwt.									Per Tierce, 304 lb.									
	s.	s.	s.	s.	s.	s.	s.	s.		s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
1782	-	-	56 a	58	54 a	56	-	-	-	76 0 a	80 0	80 0 a	84 0	-	-	-	-	75 0 a	82 9
1783	57 a	58	53	54	-	-	-	60 a	61	80 0	83 0	60 0	65 0	-	-	-	-	-	-
1784	68	70	54	55	-	-	-	60	61	60 0	65 0	60 0	-	-	-	-	-	-	-
1785	59	59	53	54	-	-	-	63	64	66 0	70 0	70 0	72 0	-	-	-	-	-	-
1786	61	62	54	56	-	-	-	63	64	70 0	72 0	76 0	77 0	-	-	-	-	-	-
1787	62	64	47	50	-	-	-	52	57	75 0	78 0	76 0	80 0	-	-	-	-	-	-
1788	52	55	47	50	-	-	-	51	53	75 0	82 0	Uncertain	-	-	-	-	-	-	-
1789	-	-	46	48	50	52	-	-	-	70 0	75 0	65 0	73 0	-	-	-	-	-	-
1790	-	-	51	55	65	70	-	-	-	65 0	75 0	76 0	80 0	-	-	-	-	-	-
1791	66	70	47	49	69	70	-	-	-	74 0	78 0	76 0	82 0	-	-	-	-	-	-
1792	69	70	44	47	-	-	-	64	66	70 0	75 0	63 0	70 0	-	-	-	-	-	-
1793	62	65	70	75	-	-	-	68	70	-	-	75 0	90 0	-	-	-	-	-	-
1794	-	-	68	72	70	76	-	-	-	-	-	105 0	115 0	-	-	-	-	-	-
1795	72	76	80	81	-	-	-	74	76	92 0	100 0	95 0	110 0	-	-	-	-	-	-
1796	-	-	74	76	78	80	-	-	-	-	-	95 0	110 0	-	-	-	-	-	-
1797	76	77	85	88	-	-	-	70	73	-	-	110 0	125 0	-	-	-	-	-	-
1798	73	74	60	63	-	-	-	78	80	130 0	140 0	140 0	147 0	-	-	-	-	-	-
1799	-	-	78	82	93	95	-	-	-	-	-	105 0	126 0	-	-	-	-	-	-
1800	100	105	85	90	-	-	-	120	125	110 0	130 0	110 0	120 0	-	-	-	-	-	-
1801	-	-	115	117	70	75	-	-	-	-	-	140 0	150 0	-	-	-	-	-	-
1802	79	80	65	70	-	-	-	88	92	-	-	105 0	120 0	-	-	-	-	-	-
1803	-	-	85	94	114	115	-	-	-	-	-	140 0	150 0	-	-	-	-	-	-
1804	105	113	75	80	-	-	-	96	98	-	-	180 0	155 0	-	-	-	-	-	-
1805	95	97	68	70	96	100	-	-	90	92	-	127 0	130 0	-	-	-	-	-	-
1806	78	80	96	100	-	-	-	90	92	135 0	140 0	110 0	120 0	-	-	-	-	-	-
1807	90	95	108	110	-	-	-	120	122	-	-	120 0	126 0	-	-	-	-	-	-
1808	110	126	100	105	-	-	-	115	117	-	-	120 0	125 0	-	-	-	-	-	-
1809	116	118	82	84	114	116	-	104	108	145 0	150 0	147 0	152 0	-	-	-	-	-	-
1810	108	110	90	95	-	-	-	122	125	140 0	155 0	142 0	145 0	-	-	-	-	-	-
1811	130	132	115	118	-	-	-	120	126	160 0	165 0	175 0	190 0	-	-	-	-	-	-
1812	126	128	110	118	-	-	-	118	122	165 0	167 0	150 0	152 0	-	-	-	-	-	-
1813	117	121	84	90	125	127	-	115	120	150 0	160 0	190 0	195 0	-	-	-	-	-	-
1814	122	124	138	140	122	125	-	137	138	-	-	178 0	-	-	-	-	-	-	-
1815	136	138	111	116	120	121	-	113	120	140 0	-	165 0	170 0	-	-	-	-	-	-
1816	98	114	62	68	94	96	-	80	85	-	-	110 0	115 0	-	-	-	-	-	-
1817	80	82	93	94	66	70	-	115	116	100 0	105 0	120 0	125 0	-	-	-	-	-	-
1818	115	116	130	134	126	127	-	117	118	105 0	-	110 0	-	-	-	-	-	-	-
1819	108	112	74	78	98	100	-	74	75	102 0	-	125 0	-	-	-	-	-	-	-
1820	76	78	90	93	78	82	-	82	84	125 0	-	115 0	120 0	-	-	-	-	-	-
1821	86	88	95	97	68	72	-	88	90	120 0	-	125 0	-	-	-	-	-	-	-
1822	84	92	60	70	70	76	-	68	75	110 0	112 0	100 0	105 0	-	-	-	-	-	-
1823	73	75	78	80	72	74	-	74	80	84 0	-	107 0	-	-	-	-	-	-	-
1824	85	86	74	-	76	-	-	95	97	90 0	95 0	87 0	-	-	-	-	-	-	-
1825	96	98	98	-	86	88	-	105	-	102 0	105 0	117 0	-	-	-	-	-	-	-
1826	90	92	80	82	90	-	-	92	96	130 0	-	130 0	-	-	-	-	-	-	-
1827	86	88	86	96	82	86	-	82	84	90 0	95 0	112 0	-	-	-	-	-	-	-
1828	80	-	70	74	76	78	-	79	80	115 0	-	110 0	112 0	-	-	-	-	-	-
1829	68	70	58	60	66	68	-	60	64	110 0	-	105 0	107 0	-	-	-	-	-	-
1830	123	125	-	-	70	71	-	88	90	95 0	97 0	95 0	97 0	-	-	-	-	-	-
1831	-	-	102	104	80	82	-	94	98	90 0	-	95 0	97 0	-	-	-	-	-	-
1832	80	90	80	86	80	82	-	78	84	102 0	-	107 0	120 0	-	-	-	-	-	-
1833	76	80	60	66	78	-	-	73	75	115 0	-	110 0	-	-	-	-	-	-	-
1834	72	74	70	74	74	-	-	68	74	110 0	-	112 0	-	-	-	-	-	-	-
1835	66	74	60	65	68	70	-	78	84	100 0	-	102 0	-	-	-	-	-	-	-
1836	90	94	70	76	84	86	-	100	106	107 0	-	117 0	-	-	-	-	-	-	-
1837	100	102	-	-	84	-	-	92	95	112 0	115 0	111 0	-	-	-	-	-	-	-
1838	84	92	80	90	-	-	-	-	-	112 0	115 0	115 0	117 0	-	-	-	-	-	-

TABLES OF PRICES.

409

RICE, Carolina. Duty paid in 1820, and subsequent Years.										SALTPETRE, East India, Rough, in Bond.												
Year.	Per Cwt.						Duty.	Per Cwt.						Duty.								
	s.	s.	s.	s.	d.	s.	s.	s.	s.	s.	s.	s.	s.	s.	Cwt.							
1782	-	-	22	24	0	30	31	-	-	-	-	-	-	-	7s. 8½d.							
1783	32	a33	23	25	0	-	-	30	a32	-	-	-	-	-	-							
1784	-	-	26	27	0	20	21	-	-	-	-	-	-	-	-							
1785	19	20	13	15	0	-	-	16	17	-	-	-	-	-	-							
1786	16	17	20	21	0	-	-	18	19	-	-	-	-	-	-							
1787	-	-	17	18	6	18	19	-	-	-	-	-	-	-	7s. 9d.							
1788	-	-	18	19	0	14	15	-	-	-	-	-	-	-	-							
1789	14	15	17	19	0	-	-	16	17	-	-	-	-	-	-							
1790	-	-	17	18	0	14	15	-	-	-	-	-	-	-	-							
1791	-	-	14	15	0	16	17	-	-	-	-	-	-	-	-							
1792	-	-	14	15	6	18	19	-	-	-	-	-	-	-	-							
1793	-	-	18	19	0	15	16	-	-	-	-	-	-	-	-							
1794	-	-	17	18	0	22	23	-	-	-	-	-	-	-	-							
1795	41	43	36	-	-	45	-	37	-	July. Free.	135 0	-	170 0	-	Free.							
1796	-	-	38	42	0	20	21	-	-	-	155 0	-	45 0	-	-							
1797	20	21	10	17	0	23	24	18	19	-	56 0	59 0	Uncertain	65 0	68 0	58 0	60 0	{ 3d. after- wards 1s. 11½d.				
1798	17	18	15	16	0	-	-	18	19	6d.	60 0	61 0	-	-	-	140 0	145 0					
1799	-	-	16	17	0	38	40	-	-	Free.	140 0	143 0	-	-	-	95 0	96 0					
1800	38	39	41	45	0	22	26	54	56	-	95 0	96 0	-	-	-	60 0	61 0					
1801	54	56	21	24	0	-	-	34	36	-	60 0	61 0	69 0	a70 0	52 0	54 0	-					
1802	33	36	40	42	0	29	31	30	33	July. 8s. 9d.	51 0	52 0	-	-	-	42 0	45 0					
1803	31	33	34	35	0	36	37	34	35	{ 8s. 9d.	35	0	61	0	62	0	47	0	48	0		
										{ 9s. 5½d.												
										{ 5s. 11½d.												
1804	33	35	20	21	0	32	35	40	50	July. 8s. 9d.	47 0	48 0	-	-	-	-	58 0	60 0	-			
1805	40	45	36	41	0	30	34	40	45	{ 5s. 11½d.	58 0	59 0	85 0	95 0	-	-	-	-	-			
1806	40	45	27	32	0	-	-	27	35	July. 6s. 4d.	63 0	68 0	-	-	-	-	52 0	53 0	-			
1807	25	34	23	30	0	-	-	30	36	-	51 0	52 0	56 0	57 0	48 0	49 0	-	-	-			
1808	37	45	45	52	0	35	45	58	62	April. Free.	48 0	49 0	-	-	-	-	75 0	78 0	-			
1809	56	60	60	68	0	30	32	32	36	-	74 0	75 0	-	-	-	-	81 0	82 0	4½.			
1810	-	-	30	31	0	21	25	-	-	-	80 0	82 0	-	-	-	-	76 0	80 0	-			
1811	-	-	23	27	0	35	40	-	-	-	76 0	80 0	69 0	71 0	72 0	76 0	-	-	-			
1812	40	42	70	77	0	66	68	80	82	-	70 0	72 0	64 0	68 0	75 0	78 0	68 0	70 0	-			
1813	80	84	48	52	0	-	-	46	52	{ 16s. 4d.	70	0	74	0	-	-	-	77	0	80	0	
										{ 20s. 0½d.												
										{ 20s. 0½d.												
1814	36	40	25	26	0	-	-	56	60	Free.	85 0	90 0	75 0	78 0	100 0	105 0	80 0	95 0	-			
1815	45	48	20	25	0	-	-	25	26	-	90 0	95 0	69 0	70 0	102 0	105 0	80 0	85 0	-			
1816	25	26	20	25	0	-	-	46	58	-	71 0	75 0	-	-	-	-	41 0	42 0	-			
1817	42	51	40	46	0	34	36	51	52	{ 20s. 0½d.	40	0	42	0	37	0	38	0	42	0	44	0
										{ April. Free.												
										{ 20s. 0½d.												
1818	45	48	42	44	0	53	54	42	47	Free.	43 0	44 0	-	-	-	-	38 0	40 0	-			
1819	43	45	30	33	0	36	38	18	24	{ 20s. 0½d.	38	0	40	0	-	-	-	31	0	35	0	
										{ Apr. 1½s.												
										15s.												
1820	32	39	35	40	0	41	42	36	37	-	32 0	36 0	-	-	31 0	33 6	30 0	31 0	-			
1821	36	-	34	35	0	30	34	33	35	-	-	-	27 0	28 0	-	-	21 0	22 0	-			
1822	33	35	29	33	0	33	35	34	36	-	21 0	22 0	29 0	32 0	21 0	22 0	25 0	27 0	-			
1823	33	36	39	43	0	37	42	33	41	-	25 0	27 0	29 0	30 0	22 0	24 0	22 0	23 0	-			
1824	33	40	28	32	0	29	32	31	34	-	21 6	22 6	20 0	21 0	20 0	21 0	22 0	23 0	-			
1825	34	37	39	40	0	34	36	34	40	-	23 6	24 0	33 0	34 0	24 0	25 0	23 0	24 0	-			
1826	36	40	30	35	0	32	37	35	40	-	23 0	24 0	23 0	24 0	20 0	21 0	21 0	22 0	-			
1827	38	40	40	-	-	38	-	37	38	-	23 0	23 6	22 0	22 6	22 0	22 6	25 0	26 0	-			
1828	37	38	34	36	0	33	36	37	40	-	24 6	25 6	25 0	26 0	22 6	23 6	25 0	26 0	-			
1829	33	38	32	35	0	32	37	32	35	-	24 0	25 0	25 0	25 6	24 0	25 0	25 6	26 0	-			
1830	32	35	32	36	0	30	35	36	-	-	25 6	26 0	35 0	36 0	38 0	39 0	41 0	42 6	-			
1831	36	-	35	38	0	30	33	36	37	-	36 0	38 0	44 0	46 0	39 0	42 0	38 0	41 0	-			
1832	36	37	35	37	0	35	38	35	37	-	38 0	39 0	36 0	37 0	33 0	-	36 6	36 6	-			
1833	37	-	35	35	0	34	36	34	36	-	30 0	32 0	25 0	30 0	38 0	40 0	32 0	34 0	-			
1834	34	36	32	34	0	28	29	29	31	-	32 0	38 0	26 0	30 0	26 0	30 0	24 0	26 6	-			
1835	29	31	29	31	0	29	31	29	32	-	24 6	27 6	25 0	28 0	22 6	25 6	26 0	28 0	-			
1836	29	31	28	31	0	28	30	32	34	-	24 6	27 6	26 6	29 6	29 0	31 0	26 0	28 0	-			
1837	32	34	30	32	0	30	32	32	32	-	25 6	28 0	24 0	26 6	22 0	25 6	31 0	26 6	-			
1838	32	34	34	36	0	-	-	-	-	-	21 0	26 6	22 0	25 0	-	-	-	-	-			

SILK, Bengal, Raw. Company's Sales in Bond, from 1820. Private Trade in 1830.													SILK, China, Raw. Company's Sales in Bond, from 1820. Private Trade in 1825, and since.												
Year	Per lb.								Duty.	Per lb.								Duty.							
	s.	d.	s.	d.	s.	d.	s.	d.		s.	d.	s.	d.	s.	d.	s.	d.		s.	d.	s.	d.			
1782	-	-	-	-	-	-	-	-	1s. 4½d.	-	-	-	-	-	-	-	-	1s. 4½d.	-	-	-	-	-		
1783	15	0	24	0	15	0	24	0	-	17	0	22	0	18	0	29	0	-	19	0	24	0	-		
1784	15	0	24	0	15	0	23	0	-	19	0	24	0	17	0	24	0	-	17	0	24	0	-		
1785	12	0	26	0	16	0	29	0	-	14	0	23	0	20	0	29	0	-	17	0	26	0	-		
1786	13	0	25	0	18	0	25	0	-	26	0	28	0	29	0	36	0	-	28	0	32	0	-		
1787	-	-	-	-	-	-	-	-	-	-	-	-	-	29	0	33	0	-	26	0	35	0	-		
1788	-	-	-	-	-	-	-	-	-	-	-	-	-	36	0	35	0	-	17	0	23	0	-		
1789	-	-	-	-	-	-	-	-	-	-	-	-	-	15	0	24	0	-	-	-	-	-	-		
1790	-	-	-	-	-	-	-	-	-	15	0	24	0	14	0	26	0	-	15	0	20	0	-		
1791	-	-	-	-	-	-	-	-	-	-	-	-	-	17	0	20	0	-	21	0	24	0	-		
1792	-	-	-	-	-	-	-	-	-	-	-	-	-	21	0	24	0	-	20	0	21	0	-		
1793	-	-	-	-	-	-	-	-	-	-	-	-	-	18	0	21	0	-	15	0	16	0	-		
1794	-	-	-	-	-	-	-	-	-	-	-	-	-	15	0	16	0	-	16	0	19	0	-		
1795	-	-	-	-	-	-	-	-	-	-	-	-	-	16	0	19	0	-	17	0	20	0	-		
1796	-	-	-	-	-	-	-	-	3s. 1½d.	-	-	-	-	17	0	21	0	-	18	0	23	0	-		
1797	-	-	-	-	-	-	-	-	3s. 3½d.	-	-	-	-	17	0	18	0	-	21	0	22	0	-		
1798	-	-	-	-	-	-	-	-	3s. 9½d.	-	-	-	-	20	0	21	6	-	24	0	28	0	-		
1799	14	0	21	0	5	0	26	0	-	12	6	15	0	24	0	28	0	-	22	0	24	0	-		
1800	-	-	-	-	-	-	-	-	-	-	-	-	-	24	0	28	0	-	22	0	24	0	-		
1801	-	-	-	-	-	-	-	-	-	-	-	-	-	22	6	23	0	-	23	0	25	0	-		
1802	-	-	-	-	-	-	-	-	-	-	-	-	-	23	0	24	0	-	21	0	22	0	-		
1803	10	6	24	6	12	0	28	6	-	6	0	23	0	22	6	25	0	-	23	6	26	0	-		
1804	6	0	22	0	8	0	20	0	-	6	0	25	0	21	0	22	0	-	20	0	21	0	-		
1805	-	-	-	-	-	-	-	-	-	-	-	-	-	22	0	24	6	-	24	0	27	0	-		
1806	-	-	-	-	-	-	-	-	-	-	-	-	-	24	0	27	0	-	32	0	35	0	-		
1807	-	-	-	-	-	-	-	-	-	-	-	-	-	31	0	36	0	-	23	0	25	0	-		
1808	9	0	23	0	18	0	45	0	-	14	0	34	0	19	0	22	0	-	27	0	34	0	-		
1809	-	-	-	-	-	-	-	-	4s.	-	-	-	-	27	0	34	0	-	33	0	37	0	-		
1810	18	0	36	0	20	0	39	0	-	21	0	36	0	33	0	37	0	-	36	0	38	0	-		
1811	-	-	-	-	-	-	-	-	-	-	-	-	-	40	0	54	0	-	32	0	35	0	-		
1812	-	-	-	-	-	-	-	-	-	-	-	-	-	32	0	35	0	-	32	0	34	0	-		
1813	12	0	30	0	12	0	30	0	-	12	0	25	0	26	0	30	0	-	26	0	30	0	-		
1814	-	-	-	-	-	-	-	-	-	-	-	-	-	19	0	22	0	-	20	0	23	0	-		
1815	-	-	-	-	-	-	-	-	-	-	-	-	-	20	0	23	0	-	17	0	20	0	-		
1816	-	-	-	-	-	-	-	-	-	-	-	-	-	17	0	20	0	-	14	0	19	0	-		
1817	8	0	26	0	11	0	31	0	-	23	0	39	0	14	0	17	6	-	15	6	24	0	-		
1818	-	-	-	-	-	-	-	-	-	-	-	-	-	20	0	30	0	-	19	0	29	0	-		
1819	16	0	36	0	13	0	30	0	-	15	0	20	0	17	0	25	0	-	22	0	28	0	-		
1820	18	0	26	2	-	-	-	-	4s.	22	8	28	7	-	16	1	21	-	17	0	20	10	-		
1821	16	11	23	6	15	3	24	5	-	15	10	24	0	16	2	26	2	-	17	1	25	7	-		
1822	15	4	24	2	15	0	25	1	-	16	0	27	11	17	2	28	9	-	16	1	34	0	-		
1823	16	1	26	3	15	1	27	7	-	14	1	22	4	14	1	21	3	-	13	9	20	8	-		
1824	14	3	19	6	-	-	-	-	March. 3d.	13	10	20	4	-	14	5	21	3	-	16	6	23	0	-	
1825	20	7	31	0	-	-	-	-	-	18	0	27	10	-	17	3	24	1	-	17	0	24	5	-	
1826	13	1	19	1	-	-	-	-	July. 1d.	13	0	19	0	-	13	3	16	0	-	14	0	17	7	-	
1827	13	3	23	8	-	-	-	-	-	15	9	29	1	-	16	2	24	1	-	21	6	23	0	-	
1828	15	6	23	6	-	-	-	-	-	18	4	22	9	-	18	5	22	10	-	15	23	8	-		
1829	11	4	21	8	-	-	-	-	-	15	11	18	2	-	12	0	17	6	-	11	15	1	-		
1830	10	6	16	5	-	-	-	-	-	12	4	16	0	-	12	2	15	3	-	12	16	11	-		
1831	12	11	18	2	-	-	-	-	-	13	9	17	8	-	13	2	16	0	-	11	0	15	6	-	
1832	11	1	17	0	-	-	-	-	-	12	8	16	0	-	12	0	14	10	-	12	3	14	10	-	
1833	11	8	18	1	-	-	-	-	-	12	9	15	0	-	14	5	18	5	-	18	7	23	1	-	
1834	15	8	19	4	-	-	-	-	-	13	1	19	5	-	14	10	19	1	-	11	5	21	6	-	
1835	12	7	22	7	-	-	-	-	-	16	6	22	6	-	17	3	22	0	-	19	0	24	6	-	
1836	18	6	25	0	-	-	-	-	-	19	0	26	0	-	21	0	29	6	-	16	0	28	0	-	
1837	11	2	17	9	-	-	-	-	-	14	6	26	0	-	11	0	18	0	-	11	6	21	6	-	
1838	13	6	20	0	14	0	21	0	-	16	0	23	6	-	17	0	26	0	-	-	-	-	-	-	

SILK, Reggio, Raw, till 1820, then Milan. Raw duty paid.						SPICES. — Cinnamon, Ceylon, 1st Quality, in Bond.					
Year.	Per lb.					Duty.	Per lb.				
	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.		s. d. s. d.	s. d. s. d.	s. d. s. d.	s. d. s. d.	
1782	-	-	20 0a23 0	21 0a24 0	-	1s. 4½d.	-	11 6	13 6	-	4s. 5d.
1783	22 0	-	23 0 26 0	-	22 0a23 0	-	-	11 6	16 0	-	-
1784	22 0a23 0	21 0 22 0	-	-	23 0 24 0	{ Aug. }	-	20 0	13 0	-	-
1785	23 0 24 0	20 0 26 0	-	-	20 0 21 0	{ 4s. 4½d. }	-	14 0	16 0	-	-
1786	21 0 22 0	24 0 28 0	-	-	21 0 22 0	-	13 6a16 0	8 0a10 0	13 0a15 6	-	-
1787	-	22 0 23 0	27 0 28 0	-	-	3s.	-	13 6 16 0	12 0 13 0	-	-
1788	-	24 0 26 0	20 0 30 0	-	-	-	13 0 14 0	14 0 16 0	12 0 13 0	-	-
1789	-	21 0 24 0	-	-	-	-	-	13 0 14 0	10 0 12 0	-	-
1790	-	21 0 22 0	23 0 24 0	-	-	-	-	11 0 12 6	-	-	-
1791	-	23 0 24 0	24 0 25 0	-	-	-	-	11 0 12 0	-	-	-
1792	-	24 0 25 0	25 0 26 0	-	-	-	-	10 0 11 0	13 0 14 0	-	-
1793	-	26 0 26 6	21 0 22 0	-	-	-	-	13 0 14 0	10 0 11 0	-	-
1794	21 0 0 23	19 0 22 0	-	23 0 24 0	-	-	-	10 0 11 0	-	-	-
1795	-	23 0 24 0	23 0 25 0	-	-	-	10 0 11 0	17 0 18 0	15 0 16 0	-	-
1796	-	23 0 26 0	23 0 27 0	-	-	3s. 1½d.	-	12 0 14 0	9 0 10 6	-	-
1797	-	23 0 26 0	25 0 27 0	-	-	3s. 3½d.	-	7 0 8 0	9 0 10 0	-	-
1798	25 0 27 0	24 0 26 0	None	-	-	3s. 9½d.	-	8 0 10 0	5 0 6 0	-	4s. 10d.
1799	-	None	-	-	-	-	-	4 0 5 0	4 6 5 6	-	-
1800	-	Uncertain	17 0 18 0	-	-	-	-	4 6 5 0	-	-	-
1801	16 0 18 0	None	20 0 21 0	-	-	-	-	4 9 5 0	5 0 5 6	-	{ August. }
1802	-	18 0 19 0	23 0 25 6	-	-	-	-	4 9 5 6	4 6 5 0	-	1s. 6d.
1803	21 6 23 0	22 0 23 0	-	21 0 22 0	-	4s. 6d.	-	4 6 5 0	4 4 5 9	-	-
1804	-	22 0 23 0	21 0 22 0	-	-	June. 5s.	-	4 6 5 0	-	-	{ July. }
1805	-	21 0 22 0	18 0 19 0	-	-	{ June. }	-	4 3 5 6	4 9 5 9	-	1s. 10½d.
1806	18 0 19 0	19 0 21 0	-	18 0 19 0	-	{ 5s. 12½d. }	-	-	-	-	-
1807	18 0 19 0	17 0 18 0	-	None	-	{ 5s. 5½d. }	-	4 9 5 9	4 6 5 6	-	2s. 0½d.
1808	None	24 0 25 0	-	19 0 21 0	-	-	-	4 6 5 6	7 0 7 6	-	-
1809	-	19 0 21 0	24 0 27 0	-	-	5s. 6d.	-	7 0 7 6	7 0 7 3	-	-
1810	21 0 27 0	33 0 35 0	24 0 28 0	-	25 0 27 0	-	-	7 0 7 4	8 0 9 0	-	2s.
1811	30 0 32 0	33 0 45 0	-	-	26 0 27 0	-	-	9 0 10 0	8 0 9 0	-	-
1812	26 0 27 0	30 0 32 0	-	-	24 0 28 0	-	-	8 0 9 0	8 6 9 6	-	-
1813	24 0 28 0	27 0 31 0	-	None	-	-	86	8 0	9 0	-	-
1814	None	24 0 25 0	-	22 0 23 0	-	-	-	8 0 9 6	10 0 10 6	-	2s. 4½d.
1815	-	23 0 24 6	17 6 18 6	-	-	-	100 110	15 0 16 0	13 0 14 0	-	-
1816	-	17 6 18 6	16 0 17 6	-	-	-	120 140	15 0 15 6	12 0 13 6	-	-
1817	17 6 18 0	20 6	-	None	-	-	126 130	9 0 10 6	11 0 11 6	-	-
1818	None	27 6 30 0	15 0 16 0	23 6 25 0	-	-	113 116	9 0 11 0	12 0 13 3	-	-
1819	24 0 26 6	16 0 18 0	-	17 0 19 0	-	-	133 136	15 0 16 3	13 0 14 0	14 0a14 2	-
1820	28 6 30 0	28 0 30 0	25 0 26 0	27 0 29 0	-	-	-	12 3 12 6	9 2 9 4	-	2s. 6d.
1821	27 0 29 0	27 0 29 0	27 0 30 0	28 0 30 0	-	-	92 94	-	7 8 8 3	8 6 8 9	-
1822	27 0 30 0	26 0 28 0	27 0 29 0	32 0 36 0	-	-	86 89	-	-	61 6 6	-
1823	29 0 32 0	28 0 30 0	26 0 28 0	23 0 25 0	-	-	61 6 6	8 6 9 0	7 6 7 9	72 7 4	-
1824	23 0 26 0	23 0 25 0	14 0 20 0	20 0 23 0	-	-	70 74	7 1 7 4	G11 7 0	68 611	-
1825	18 0 21 0	23 0 26 0	21 0 23 0	21 0 24 0	-	April. 3d.	67 68	7 0 7 1	7 2 7 6	69 7 0	-
1826	21 0 24 0	21 0 23 0	18 0 20 0	20 0 22 0	-	-	70 73	11 6 12 0	7 9 8 0	79 8 0	-
1827	20 0 22 0	20 0 23 0	19 0 21 6	19 0 22 0	-	July. 1d.	76 79	6 6 7 0	6 7 6 9	76 7 9	-
1828	20 0 23 0	20 0 23 0	20 0 22 6	20 0 23 0	-	-	76 79	G 0 7 0	G 9 610	66 6 8	-
1829	20 0 23 0	20 0 24 0	17 0 18 0	15 0 20 0	-	-	66 68	6 7 6 9	6 3 7 6	63 8 0	-
1830	15 0 19 0	15 6 19 0	17 6 22 0	17 0 21 0	-	-	66 68	G 9 8 0	G 9 8 0	79 8 3	-
1831	17 0 21 0	16 6 19 0	15 6 18 0	15 6 18 0	-	-	-	9 0 10 6	9 0 11 0	80 10 0	6d.
1832	15 6 18 0	15 6 18 0	15 6 14 0	15 6 19 0	-	-	69 90	8 6 9 6	8 6 8 9	89 9 6	-
1833	15 6 19 0	18 0 20 0	18 0 22 0	23 0 26 0	-	-	89 96	8 6 9 3	8 6 8 9	80 9 0	-
1834	23 0 26 9	23 0 26 0	23 0 26 0	23 0 26 0	-	-	80 90	8 0 9 6	8 6 9 6	86 10 0	-
1835	23 0 26 9	23 0 26 0	23 0 26 0	23 0 26 0	-	-	86 96	8 6 10 6	8 0 11 0	80 10 6	-
1836	22 0 26 0	22 0 25 0	22 0 25 0	22 0 26 9	-	-	80 106	7 6 10 6	710 9 6	78 9 6	-
1837	24 0 30 0	21 0 26 0	18 0 22 0	21 0 24 0	-	-	78 96	8 9 9 3	8 4 9 8	86 9 3	-
1838	22 0 26 0	22 0 26 0	-	-	-	-	82 94	610 8 6	6 0 7 8	59 7 0	-
1839	22 0 26 0	22 0 26 0	-	-	-	-	66 80	6 3 7 6	-	-	-

SPICES.—Pepper, East India Black, in Bond.										SPIRITS.—Rum, Jamaica, Proof.									
Years.	Per lb.						Duty.	Per Gallon.								Duty			
	d.	d.	d.	d.	d.	d.		s.	d.	s.	d.	s.	d.	s.	d.				
1782	-	-	22		23½	-	-	43d.	-	-	3	2a3	4	4	6a6	0	Customs and Excise 6s. 11½d.		
1783	-	-	27	-	16	-	-	-	-	-	3	0	4	1	2	0a2	10		
1784	-	-	14	-	21	-	-	-	-	-	2	6	3	2	3	6	4		
1785	-	-	17	a	18	12	a	13	-	-	2	8	3	8	2	2	10		
1786	-	-	11½	12	13	14½	-	-	-	2	2a2	8	2	8	3	0	-		
1787	-	-	12	-	13	-	-	-	-	-	2	2	2	8	3	0	-		
1788	-	-	12	-	13½	-	-	-	-	-	2	2	2	8	3	0	3		
1789	-	-	13	-	14½	-	-	6½d.	-	-	3	0	4	3	2	4	3		
1790	-	-	13	-	14	-	-	-	-	-	2	6	3	2	2	4	3		
1791	-	-	14	-	15½	-	-	-	-	-	2	4	3	0	3	6	4		
1792	-	-	16½	-	18½	-	-	-	-	-	4	0	4	10	2	9	3		
1793	-	-	23½	-	16	-	-	-	-	-	4	0	4	9	3	6	4		
1794	-	-	15½	-	13½	-	-	-	-	-	4	8	5	4	4	0	4		
1795	-	-	13½	-	14½	-	-	-	-	-	4	0	4	8	2	6	3		
1796	14½	-	13	-	15½	-	15	-	-	-	3	4	3	10	8	6	8		
1797	-	-	14½	-	13½	-	-	9½d.	6	G	8	0	4	6	6	0	7		
1798	12½	-	22	-	13	-	19	-	-	-	7	2	8	0	4	6	5		
1799	-	-	19	-	13	-	-	-	-	-	4	3	5	6	3	0	4		
1800	-	-	14	-	16½	-	-	-	-	-	3	9	4	6	6	9	8		
1801	-	-	18	-	15	-	-	{ May. 1s. 0½d. }	6	9	8	3	7	6	0	0	-		
1802	-	-	15	-	11½	-	-	-	4	2	5	6	5	6	9	-	-		
1803	11	-	12	-	-	-	9½	1s. 2d.	4	0	5	6	5	7	3	-	-		
1804	9	-	9½	-	-	-	10	{ July. 1s. 6½d. }	3	4	5	0	2	9	3	-	-		
1805	-	-	9½	-	9	-	-	1s. 7½d.	-	-	-	5	0	6	6	-	-		
1806	-	-	9½	-	7½	-	-	1s. 8½d.	-	-	-	3	4	4	6	3	-		
1807	-	-	-	-	7½	-	-	-	-	-	-	3	4	4	6	3	-		
1808	-	-	7½	-	10	-	-	-	-	-	-	3	6	4	6	6	-		
1809	-	-	11½	-	10	-	-	1s. 8d.	5	6	6	6	3	9	5	6	-		
1810	11	-	12½	-	-	-	8½	-	-	-	-	4	6	6	0	4	-		
1811	8½	-	7	-	-	-	-	-	-	-	-	4	6	6	0	4	-		
1812	8½	a	9	7	7½	-	9	a	9½	4	6	6	0	4	3	5	-		
1813	-	-	9	9½	14½	15½	-	{ Aug. 1s. 11½d. }	5	6	6	6	7	0	8	0	-		
1814	15	15½	20	21	12	13½	13	14	{ July. 1s. 10½d. }	-	-	6	0	8	0	4	-		
1815	10½	-	11	-	-	-	10	10½	-	-	-	4	6	6	6	3	-		
1816	-	-	9½	9½	7	7½	-	-	3	3	4	6	2	8	3	10	-		
1817	7½	-	9	9½	-	-	-	-	3	6	4	6	2	8	4	0	-		
1818	8½	-	10	-	-	-	7½	8	3	6	5	0	3	8	5	6	-		
1819	-	-	7½	8	6½	6½	-	{ July. 2s. 6d. }	-	-	-	3	3	4	3	2	-		
1820	6½	6½	-	-	6	6½	6½	7	2	6	3	9	3	4	5	2	-		
1821	6½	7	7	7½	7	7½	7	7½	2	2	4	3	-	-	-	-	-		
1822	7½	7½	7½	7½	6½	7	6	6½	1	6	3	0	1	10	3	3	-		
1823	6½	6½	6½	7	6½	6½	5½	5½	1	8	3	0	2	0	3	3	-		
1824	5½	-	5½	-	5½	5½	5½	6	1	9	2	6	1	10	2	10	-		
1825	6½	6½	8	8½	5½	6½	6	6½	1	11	2	9	2	2	3	1	-		
1826	5½	6	5	5½	4½	5½	4½	5	1s.	2	7	3	6	3	3	4	-		
1827	4½	5½	4½	4½	3½	4½	3½	3½	-	3	0	4	0	3	0	4	-		
1828	3½	4	3½	3½	2½	3½	2½	3	-	3	4	4	0	3	2	4	-		
1829	3½	4½	3½	4	2½	3½	3½	4	-	3	2	4	9	3	0	4	-		
1830	-	-	3½	4½	3½	4½	3½	4½	-	2	2	3	8	2	0	3	-		
1831	3½	4	3½	4	3½	4	3½	4	-	2	0	3	8	2	0	3	-		
1832	3½	4	3½	4	3½	4	3½	4	-	1	10	3	8	2	1	3	-		
1833	3½	3½	4	4½	4	4½	4	4½	-	2	2	3	9	2	2	3	-		
1834	4	4½	4	4½	4	4½	4	4½	-	2	6	3	6	2	5	3	-		
1835	4½	4½	4½	4½	4½	4½	4½	4½	-	2	7	3	6	2	8	3	-		
1836	5	-	4½	5	4	5	4	4½	-	2	9	3	10	2	9	3	-		
1837	3½	4	3½	4	3	3½	3½	4	-	4	0	5	2	3	3	4	-		
1838	4	4½	4	4½	-	-	-	-	-	3	1	5	0	3	1	5	-		

SUGAR, East India, White, in Bond.								SUGAR, East India, Brown, in Bond.							
Year.	Per Cwt.							Duty.	Per Cwt.						
	s.	s.	s.	s.	s.	s.	s.		s.	s.	s.	s.	s.	s.	s.
1782	None	-	-	-	-	-	-	-	None.	-	-	-	-	-	-
1783	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1784	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1785	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1786	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1787	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1788	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1789	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1790	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1791	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1792	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1793	-	-	69 a	72 0	54	71	-	{ 37l. 16s. 10d. per cwt. on sale price. 38l. 5s. 6d. }	-	-	-	-	-	-	{ 37l. 16s. 10d. per cwt. on sale price. 38l. 5s. 6d. }
1794	-	-	52	80 0	60	78	-	-	-	-	-	-	-	-	-
1795	70 a	81	60	70 0	-	-	66 0 a	78	42 a	65 0	40 0 a	58 0	-	45 a	60
1796	-	-	60	70 0	68	80	-	-	-	-	40 0	55 0	43 a	62 0	-
1797	-	-	55	78 0	69	85	-	-	-	-	30 0	50 0	30	55 0	-
1798	-	-	53	76 0	65	96	-	-	-	-	30 0	50 0	35	60 0	-
1799	-	-	96	115 0	56	80	-	-	-	-	34 0	80 0	30	55 0	-
1800	-	-	50	70 0	62	84	-	-	-	-	32 0	45 0	40	60 0	-
1801	-	-	67	84 0	60	74	-	-	-	-	32 0	53 0	20	42 0	-
1802	-	-	60	75 0	46	52	-	-	-	-	20 0	46 0	15	40 0	-
1803	-	-	45	65 0	50	70	-	{ 22s. 4 ¹ / ₂ cwt. and 12 ¹ / ₄ per cent. thereon. }	-	-	15 0	40 0	20	45 0	-
1804	50	65	68	75 0	-	-	55 0	72	22s. 1 ¹ / ₂ d.	30	46 0	42 0	56 0	-	43 50
1805	-	-	67	77 0	62	72	-	-	22s. 8d.	-	-	51 0	62 0	41	55 0
1806	-	-	62	72 0	50	65	-	-	31s.	-	-	41 0	55 0	28	45 0
1807	50	70	35	50 0	-	-	50 0	70	-	30	55 0	20 0	33 0	-	25 45
1808	-	-	48	56 0	54	62	-	-	-	-	-	24 0	45 0	42	52 0
1809	50	54	46	50 0	-	-	55 0	65	30s.	38	48 0	30 0	40 0	-	42 50
1810	55	60	61	66 0	-	-	48 0	56	-	45	50 0	50 0	60 0	-	37 45
1811	54	62	44	56 0	-	-	53 0	60	-	40	52 0	31 0	43 0	-	40 51
1812	55	65	48	55 0	-	-	53 0	65	-	40	50 0	39 0	45 0	-	40 51
1813	55	60	56	68 0	-	-	64 0	75	30s. 33s. 30s.	41	52 0	46 0	54 0	-	56 60
1814	55	65	74	78 0	-	-	60 0	70	-	48	54 0	53 0	65 0	-	30 42
1815	-	-	60	75 0	55	57	-	-	37s.	-	-	30 0	48 0	28	40 0
1816	-	-	60	75 0	47	60	-	-	-	-	-	40 0	56 0	34	45 0
1817	65	61	43	55 0	58	66	51 0	60	-	36	46 0	30 0	42 0	48	56 0
1818	53	60	55	63 0	-	-	46 0	60	-	37	52 0	30 0	54 0	-	34 45
1819	-	-	46	59 0	35	50	-	-	-	21	35 0	18 0	32 0	18	32 0
1820	10	49	30	50 0	32	50	33 0	50	-	18	32 0	15 0	29 0	18	32 0
1821	32	54	-	-	-	-	30 0	40	-	11	30 0	14 0	28 0	14	28 0
1822	32	40	32	45 0	-	-	30 0	39	-	14	29 0	20 0	28 0	18	24 0
1823	29	40	32	48 0	28	40	27 0	36	-	20	24 0	20 0	24 0	18	20 0
1824	29	35	23	35 0	26	35	26 0	35	-	20	22 0	28 0	29 0	30	31 0
1825	28	36	35	46 0	35	40	36 0	40	-	30	32 0	25 0	27 0	24	26 0
1826	34	40	30	36 0	32	37	34 0	39	-	30	31 0	30 0	32 0	32	33 0
1827	35	41	35	41 0	36	42	34 0	39	-	30	30 6	31 0	32 6	31	31 6
1828	32	38	34	38 0	34	38	32 0	40	-	28	31 0	27 0	29 0	25	27 0
1829	32	40	30	39 0	28	36	26 0	34	-	23	29 0	25 0	30 0	25	29 0
1830	28	36	31	37 0	30	35	28 0	35	-	23	25 0	23 0	25 0	21	22 0
1831	26	33	26	32 0	23	28	23 0	29	-	20	22 0	20 0	22 0	24	25 0
1832	23	29	21	30 0	21	31	26 0	30	-	23	24 0	22 0	23 0	22	24 0
1833	25	30	24	30 0	25	30	24 0	32	-	22	24 0	-	-	-	22 24
1834	24	32	25	35 0	25	31	26 0	32	-	26	28 0	-	-	-	27 31
1835	26	32	27	33 0	30	34	32 0	37	-	34	35 0	34 0	35 0	38	38 6
1836	37	39	37	39 0	39	44	34 0	36	-	21	29 0	21 6	21 0	30	38 0
1837	30	37	30	36 6	41	43	43 0	51	March. 24s.	30	37 0	23 0	29 0	-	-
1838	41	44	36	41 0	-	-	-	-	-	-	-	-	-	-	-

TABLES OF PRICES.

SUGAR, Havannah White, for Exportation.										SUGAR, Muscovados. No Gazette Average till 1805, then Gazette Average.											
Year.	Per Cwt.								Per Cwt.								Duty.				
	s.	s.	s.	s.	s.	s.	s.	s.	s.	s.	s.	s.	s.	s.	s.						
1782	None	None	None	None	-	-	-	-	-	-	40	0 a	63	26	0 a	40	12s. 8 ³ d.				
1783	-	-	-	-	-	-	-	-	-	-	29	0	46	22	0	25	-				
1784	-	-	-	-	-	-	-	-	-	-	18	0	34	28	0	46	-				
1785	-	-	-	-	-	-	-	-	-	-	26	0	42	23	0	38	-				
1786	-	-	-	-	-	-	-	-	-	-	29	0	40	41	0	48	-				
1787	-	-	-	-	-	-	-	-	38	0 a	47	24	0	37	-	-	-				
1788	-	-	-	-	-	-	-	-	-	-	34	0	46	29	0	41	-				
1789	-	-	-	-	-	-	-	-	-	-	31	0	43	35	0	47	-				
1790	-	-	-	-	-	-	-	-	-	-	38	0	45	45	0	46	-				
1791	-	-	-	-	-	-	-	-	-	-	47	0	59	58	0	65	May. 16s.				
1792	-	-	-	-	-	-	-	-	-	-	63	0	76	40	0	68	-				
1793	-	-	-	-	-	-	-	-	-	-	53	0	73	41	0	66	-				
1794	-	-	-	-	-	-	-	-	-	-	40	0	67	32	0	58	-				
1795	-	-	-	-	-	-	-	-	-	-	42	0	66	63	0	75	-				
1796	-	-	-	-	-	-	-	-	-	-	61	0	75	65	0	78	-				
1797	-	-	-	-	-	-	-	-	-	-	52	0	74	57	0	75	-				
1798	-	-	-	-	-	-	-	-	59	0	77	57	0	75	-	-	17s. 6d. 19s. 4d.				
1799	-	-	-	-	-	-	-	-	60	0	83	62	0	87	50	0	50	17s. 6d. 18s. 2d. 20s.			
1800	-	-	-	-	-	-	-	-	32	0	54	38	0	59	34	0	54	May. 21s. 10d.			
1801	74	a	90	-	-	-	50	a	60	59	0	75	47	0	68	35	0	62	20s.		
1802	55	70	-	-	-	-	48	67	33	0	55	26	0	50	-	-	-	20s.			
1803	50	69	-	-	-	-	70	85	30	0	53	40	0	60	38	0	58	41	0	60	
1804	66	84	70	a	94	-	-	60	88	46	0	62	52	0	66	51	0	62	52	0	64
1805	60	80	-	-	-	-	70	90	58	7 ¹	-	49	6	-	55	0 ¹	-	-	47	10	-
1806	66	87	-	-	55	0 a	70	None	49	6	-	45	0	-	-	-	-	-	36	6	-
1807	None	-	-	-	50	0	64	40	46	37	10	-	30	9	-	-	-	-	32	6	-
1808	36	46	-	-	-	-	50	65	-	-	-	31	8	-	49	9	-	-	-	-	-
1809	50	58	-	-	-	-	56	62	51	2	-	35	8	-	-	-	-	-	50	6	-
1810	55	66	-	-	60	0	75	38	51	49	6	-	53	11	-	-	-	-	42	8 ¹	-
1811	36	51	-	-	30	0	46	42	56	44	9	-	34	11	-	-	-	-	44	5	-
1812	54	66	-	-	-	-	60	78	43	5	-	-	41	7	-	-	-	-	49	6	-
1813	66	82	72	86	70	0	83	105	120	51	2 ¹	-	63	8	-	54	0	-	75	4 ¹	-
1814	106	126	110	134	85	0	112	96	128	77	3 ¹	-	97	2	-	90	3	-	54	3	-
1815	94	120	-	-	74	0	99	84	95	75	5 ¹	-	56	8 ¹	-	63	2 ¹	-	57	0 ¹	-
1816	80	94	-	-	50	0	70	52	73	59	6 ¹	-	45	0	-	-	-	-	49	0 ¹	-
1817	52	70	-	-	58	0	73	54	70	50	0 ¹	-	43	9 ¹	-	54	1 ¹	-	49	11 ¹	-
1818	54	70	-	-	68	0	76	52	66	54	9 ¹	-	4 ¹	10	-	52	9 ¹	-	47	0	-
1819	52	66	-	-	42	0	58	48	60	50	9 ¹	-	38	6	-	42	5 ¹	-	35	8 ¹	-
1820	42	58	-	-	56	0	70	46	62	34	3 ¹	-	35	6 ¹	-	37	4 ¹	-	35	5 ¹	-
1821	-	50	58	-	-	-	35	42	35	4 ¹	-	35	0 ¹	-	34	8 ¹	-	-	29	4 ¹	-
1822	35	42	-	-	52	0	87	40	48	31	10	-	34	0 ¹	-	28	5	-	30	4 ¹	-
1823	36	46	43	52	37	0	45	37	44	27	2 ¹	-	37	1 ¹	-	31	7 ¹	-	32	9 ¹	-
1824	35	42	34	42	33	0	40	34	40	34	5 ¹	-	33	6 ¹	-	30	2 ¹	-	29	6 ¹	-
1825	37	40	47	52	49	0	55	50	57	31	10 ¹	-	41	5	-	38	9 ¹	-	38	1 ¹	-
1826	44	50	42	46	37	0	44	38	44	39	2	-	35	6	-	30	1 ¹	-	30	8 ¹	-
1827	41	45	42	48	46	0	48	45	51	35	0	-	32	6	-	35	6	-	36	6	-
1828	44	49	44	49	44	0	49	45	51	37	1	-	38	0	-	34	0	-	31	6 ¹	-
1829	43	49	41	48	42	0	50	46	48	30	8 ¹	-	30	1	-	29	4 ¹	-	25	8	-
1830	-	-	38	45	34	0	45	35	40	22	8	-	24	4 ¹	-	23	10	-	24	10 ¹	-
1831	30	40	31	38	29	0	36	26	34	25	3	-	25	5 ¹	-	22	10 ¹	-	23	3 ¹	-
1832	28	34	29	36	31	0	37	32	36	23	5 ¹	-	30	6	-	29	0 ¹	-	28	4 ¹	-
1833	30	36	26	32	27	0	33	30	35	28	4 ¹	-	25	8 ¹	-	28	11 ¹	-	31	1	-
1834	29	34	28	33	27	0	32	30	33	32	0	-	33	0	-	31	4	-	31	4 ¹	-
1835	32	34	32	35	36	6	34	Uncertain	29	11 ¹	-	30	5 ¹	-	31	0 ¹	-	-	37	11 ¹	-
1836	Uncertain	43	48	53	0	55	-	40	45	39	4 ¹	-	38	0 ¹	-	45	5 ¹	-	40	2	-
1837	34	38	33	39	41	0	46	36	41	35	10 ¹	-	34	4 ¹	-	32	6 ¹	-	27	4 ¹	-
1838	36	42	42	47	-	-	-	-	-	42	1 ¹	-	33	3	-	-	-	-	-	-	-

TALLOW, Russia Y. C.										TAR, Stockholm.									
Year.	Cwt.								Duty.	Per Barrel.								Per last 12 Barrel. 1 duty.	
	s.	d.	s.	d.	s.	d.	s.	d.		s.	d.	s.	d.	s.	s.	s.	s.		
1782	-	-	37	0	36	0	38	0	-	Free.	-	-	23	0	24	0	24	0	12s. 4d.
1783	-	-	36	0	29	0	32	0	-	-	-	-	20	0	22	0	14	0	-
1784	-	-	33	0	41	0	46	0	-	-	-	-	20	0	28	0	15	0	-
1785	45	0	47	0	42	0	43	0	-	-	-	-	16	0	17	0	15	0	-
1786	46	0	48	0	48	0	50	0	-	-	-	-	17	0	18	0	19	0	-
1787	-	-	56	0	47	0	48	0	-	-	-	-	15	0	16	0	17	0	-
1788	46	0	47	0	33	0	31	0	-	-	-	-	14	0	15	0	12	0	-
1789	39	0	41	0	45	0	46	0	-	-	-	-	13	0	15	0	14	0	-
1790	-	-	41	0	43	0	-	-	-	-	-	-	14	0	16	0	20	0	-
1791	40	0	42	0	39	0	40	0	-	-	-	-	12	0	13	0	16	0	-
1792	47	0	48	0	42	0	43	0	-	-	-	-	14	0	15	0	-	-	-
1793	-	-	47	0	38	0	39	0	-	-	-	-	18	0	19	0	20	0	-
1794	-	-	34	0	39	0	50	0	-	-	-	-	22	0	23	0	23	0	-
1795	56	0	58	0	73	0	80	0	-	-	-	-	23	0	24	0	27	0	-
1796	-	-	64	0	58	0	60	0	-	-	-	-	23	0	24	0	28	0	-
1797	56	0	62	0	43	0	47	0	-	-	-	-	24	0	25	0	21	0	-
1798	-	-	49	0	50	0	57	0	-	1s. 6d.	-	-	22	0	23	0	27	0	-
1799	-	-	56	0	57	0	65	0	-	-	-	-	30	0	31	0	27	0	-
1800	-	-	58	0	59	0	66	0	-	-	-	-	27	0	28	0	32	0	-
1801	68	0	70	0	75	0	76	0	-	-	-	-	34	0	35	0	19	0	-
1802	63	0	64	0	59	0	60	0	-	-	-	-	20	0	22	0	25	0	-
1803	-	-	67	0	68	0	76	0	-	2s. 0d.	-	-	27	0	28	0	21	0	-
1804	72	0	75	0	68	0	69	0	-	2s. 3d.	23	0	24	0	21	0	23	0	-
1805	67	0	68	0	61	0	62	0	-	2s. 4d.	26	0	28	0	26	0	28	0	-
1806	-	-	66	0	67	0	54	0	-	2s. 6d.	-	-	33	0	36	0	26	0	-
1807	-	-	53	0	54	0	71	0	-	-	-	-	26	0	27	0	32	0	-
1808	-	-	70	0	71	0	110	0	-	-	-	-	34	0	35	0	48	0	-
1809	106	0	110	0	Uncertain	79	0	82	0	-	-	-	40	0	42	0	-	-	-
1810	-	-	83	0	84	0	64	0	-	-	48	0	50	0	40	0	42	0	-
1811	-	-	61	0	62	0	74	0	-	-	51	0	53	0	35	0	36	0	-
1812	-	-	72	0	73	0	88	0	-	-	-	-	46	0	48	0	35	0	-
1813	88	0	90	0	82	0	84	0	-	-	-	-	33	0	34	0	38	0	-
1814	107	0	110	0	77	0	78	0	-	3s. 2d.	33	0	34	0	30	0	31	0	-
1815	-	-	81	0	82	0	59	0	-	-	36	0	38	0	26	0	27	0	-
1816	52	0	55	0	46	0	47	0	-	-	26	0	29	0	35	0	37	0	-
1817	53	0	55	0	51	0	52	0	-	-	20	0	21	0	14	0	15	0	-
1818	75	0	76	0	77	0	78	0	-	-	20	0	21	0	17	0	18	0	-
1819	70	0	71	0	62	0	63	0	-	-	19	0	20	0	21	0	22	0	-
1820	53	0	54	0	-	-	62	0	-	-	21	0	22	0	16	0	17	0	-
1821	47	0	48	0	43	0	44	0	-	-	20	0	21	0	-	-	-	-	-
1822	41	0	42	0	54	0	55	0	-	-	15	0	-	-	14	0	15	0	-
1823	34	6	-	-	32	0	-	-	-	-	23	0	24	-	-	-	-	-	-
1824	31	0	31	6	31	3	31	6	-	-	19	0	-	-	21	0	22	0	-
1825	37	6	38	0	36	6	37	0	-	-	18	6	19	-	18	6	19	-	-
1826	34	0	-	-	29	0	29	3	-	-	15	6	16	-	15	6	16	-	-
1827	35	3	35	6	34	3	34	6	-	-	17	0	-	-	17	0	-	-	-
1828	34	9	35	0	37	0	37	6	-	-	17	0	-	-	17	0	-	-	-
1829	36	6	37	0	34	0	35	0	-	-	14	6	-	-	14	6	-	-	-
1830	-	-	31	3	31	6	32	3	-	-	14	6	-	-	14	0	-	-	-
1831	43	0	44	6	44	0	45	0	-	-	17	0	-	-	17	0	-	-	-
1832	39	3	43	0	39	6	-	-	-	-	15	0	-	-	16	0	-	-	-
1833	44	0	44	3	40	6	-	-	-	-	13	9	-	-	13	9	-	-	-
1834	40	0	40	3	40	6	41	3	-	-	13	6	-	-	13	6	-	-	-
1835	37	3	37	6	33	0	34	0	-	-	13	6	-	-	13	6	-	-	-
1836	40	6	41	0	41	0	-	-	-	-	12	6	-	-	12	6	-	-	-
1837	41	6	46	0	41	9	-	-	-	-	12	0	-	-	13	6	14	3	-
838	42	6	-	-	47	0	48	0	-	-	14	6	-	-	14	9	15	0	-
											15	6	-	-	-	-	-	-	-

TIMBER.—Memel Fir.										TIMBER.—Quebec Yellow Pine.									
Year.	Per Load.									Duty.	Per Load.								
	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.		£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	£ s.	
1782	-	-	3 5	-	3 10	-	-	-	-	4s. 1d.	-	-	-	None	-	-	-	-	-
1783	-	-	3 10	-	1 12	-	-	-	-	-	-	-	-	1 10	-	2 15	-	-	Free.
1784	-	-	1 15	-	2 10	-	-	-	-	-	-	-	-	2 0	2 6	1 10	2 15	-	-
1785	1 15	-	2 5	-	-	-	1 13	-	-	-	-	-	-	1 11	-	1 18	-	-	-
1786	1 17	-	2 0	-	1 15	-	-	-	-	-	-	-	-	2 0	2 5	1 10	2 0	-	-
1787	-	-	1 12	-	1 5	1 10	-	-	-	6s. 8d.	-	-	-	1 11	2 0	1 15	-	-	-
1788	-	-	1 15	-	1 11	1 14	-	-	-	-	1 11	2 0	-	1 15	-	2 5	-	-	-
1789	-	-	1 7	1 8	1 11	-	-	-	-	-	1 15	-	-	2 5	-	1 10	-	1 15	-
1790	-	-	1 10	1 15	2 0	2 5	-	-	-	-	1 10	-	-	1 15	-	1 19	-	2 3	-
1791	2 2	-	3 0	3 2	-	-	2 11	-	-	-	-	-	-	2 3	-	1 16	2 0	-	-
1792	2 8	-	2 13	-	-	-	2 0	-	-	-	-	-	-	1 17	-	2 2	-	-	-
1793	-	-	2 8	2 9	2 3	-	-	-	-	-	-	-	-	1 17	-	2 2	-	-	-
1794	2 16	-	2 5	-	-	-	2 18	-	-	-	3 0	-	-	2 10	-	-	-	2 15	-
1795	-	-	2 15	3 0	4 0	-	-	-	-	-	3 10	-	-	3 15	-	-	-	3 5	-
1796	-	-	3 2	-	2 10	2 15	-	-	-	-	-	-	-	3 5	-	2 15	-	-	-
1797	-	-	2 15	-	3 5	3 10	-	-	-	10s.	2 16	2 17	2 0	-	-	-	-	2 15	2 16
1798	-	-	2 10	3 0	3 3	3 8	-	-	-	-	3 10	3 15	3 0	3 10	-	-	-	5 10	6 0
1799	-	-	3 8	3 10	4 18	5 0	-	-	-	-	-	-	-	3 18	4 0	-	-	-	-
1800	-	-	5 10	5 15	5 15	6 0	-	-	-	-	-	-	-	4 10	4 15	4 15	5 0	-	-
1801	-	-	5 15	6 0	4 5	4 10	-	-	-	-	-	-	-	5 0	5 10	4 10	4 15	-	-
1802	-	-	3 12	3 14	3 4	3 9	-	-	-	16s. 4d.	-	-	-	4 10	4 15	3 15	4 0	-	-
1803	3 10	2 15	5 5	6 5	-	-	3 15	2 4	5	-	3 18	4 3	5 8	5 18	-	-	-	5 13	6 8
1804	-	-	3 15	4 0	3 0	3 5	-	-	-	{ 20s. } to { 25s. }	4 18	5 8	3 18	5 15	-	-	-	3 12	4 2
1805	3 0	3 5	3 15	4 0	-	-	3 10	3 15	-	{ s. d. } 25 to { 25 6 }	3 18	4 18	4 18	5 18	-	-	-	4 8	5 13
1806	-	-	3 10	3 15	6 8	6 13	-	-	-	{ s. d. } 25 6 to { 27 4 }	-	-	4 8	5 13	6 8	6 13	-	-	-
1807	8 0	8 10	4 0	5 0	-	-	6 10	6 15	-	-	7 18	8 10	6 13	7 2	-	-	-	7 13	7 18
1808	-	-	6 10	7 0	15 10	17 0	-	-	-	-	-	-	-	7 10	7 15	10 15	16 0	-	-
1809	-	-	14 0	14 10	11 0	11 10	-	-	-	27s. 4d.	-	-	-	15 0	17 0	10 0	12 0	-	-
1810	10 10	11 0	8 10	9 10	-	-	11 10	-	-	-	8 0	12 0	6 0	12 0	-	-	-	7 0	12 0
1811	11 0	12 10	10 0	11 10	-	-	11 0	12 10	-	-	-	-	-	-	-	-	-	-	-
1812	-	-	9 10	10 0	8 10	9 0	-	-	-	54s. 8d.	-	-	-	-	-	-	-	-	-
1813	7 10	8 0	5 10	7 0	-	-	8 0	9 0	-	64s. 11d.	-	-	-	-	-	-	-	-	-
1814	-	-	7 5	7 15	4 10	5 10	-	-	-	-	-	-	-	-	-	-	-	-	-
1815	-	-	6 0	5 10	3 5	3 15	-	-	-	-	-	-	-	-	-	-	-	-	-
1816	-	-	3 5	3 15	2 5	3 5	-	-	-	-	-	-	-	-	-	-	-	-	-
1817	3 5	3 15	2 10	2 15	-	-	3 5	-	-	-	-	-	-	-	-	-	-	-	-
1818	-	-	3 5	3 10	3 10	3 15	-	-	-	-	-	-	-	-	-	-	-	-	-
1819	-	-	3 10	3 15	2 5	2 15	-	-	-	65s.	-	-	-	-	-	-	-	-	-
1820	2 15	3 0	2 10	2 13	2 10	-	2 15	-	-	-	3 8	-	3 8	-	3 8	-	3 0	-	-
1821	-	-	3 5	-	3 10	-	2 10	-	-	55s.	2 13	2 15	-	-	-	-	-	3 0	3 3
1822	2 5	2 10	-	-	2 10	2 15	2 15	-	-	-	2 13	2 15	2 15	2 18	3 0	3 3	3 5	3 10	-
1823	2 5	-	3 0	-	2 10	-	2 5	2 10	-	-	3 15	-	4 2	-	4 0	-	3 15	-	10s.
1824	2 15	2 17	2 15	2 17	2 5	2 10	2 7	2 15	-	-	3 15	-	3 14	3 15	3 10	-	3 15	-	-
1825	3 0	-	3 0	-	-	-	2 15	3 0	-	-	3 15	4 0	3 15	4 0	3 17	-	3 15	3 17	-
1826	2 10	2 15	2 0	2 5	2 0	2 5	2 0	2 3	-	-	3 10	3 12	3 10	-	2 15	3 0	2 10	2 13	-
1827	2 5	2 7	2 5	2 7	2 5	2 7	2 5	2 7	-	-	2 10	2 13	2 10	2 13	2 10	2 13	2 13	2 15	-
1828	2 5	2 7	2 0	2 5	1 17	1 19	2 0	2 7	-	-	2 13	2 15	2 12	2 15	3 0	-	2 17	-	-
1829	2 2	2 10	2 2	2 10	2 2	2 10	2 3	2 7	-	-	2 15	2 17	2 17	3 0	2 17	3 0	2 17	3 0	-
1830	-	-	1 17	2 7	1 15	-	1 17	2 7	-	-	-	-	-	3 0	-	3 0	-	3 0	3 5
1831	2 2	2 10	2 2	2 10	2 5	2 10	2 10	3 0	-	-	3 0	3 3	3 0	3 3	3 3	-	3 0	-	-
1832	2 5	2 7	2 5	2 12	2 0	2 7	2 2	2 10	-	-	3 0	3 5	3 0	3 3	3 3	-	3 0	-	-
1833	2 10	2 15	-	-	2 3	2 10	2 5	2 10	-	-	3 0	-	3 0	-	2 15	3 0	2 15	3 0	-
1834	2 5	2 10	2 12	-	2 12	-	2 7	2 10	-	-	2 15	3 0	2 15	3 0	3 0	-	3 10	3 15	-
1835	2 7	2 12	2 7	2 12	2 5	2 12	2 7	2 12	-	-	3 10	3 15	3 10	3 15	3 5	3 10	3 5	3 10	-
1836	3 0	-	3 0	-	2 10	2 15	2 15	3 0	-	-	3 10	-	3 10	-	3 10	-	3 10	-	-
1837	2 10	2 17	2 12	2 15	2 10	2 17	2 15	2 17	-	-	13 0	-	3 10	-	3 5	3 10	3 5	3 10	-
1838	2 10	2 15	2 10	2 15	-	-	-	-	-	-	3 0	3 5	3 0	3 5	-	-	-	-	-

TIN, English, in Bars.										TOBACCO, Virginia, in Bond.									
Year.	Per Cwt.									Per lb.									
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	d.	d.	d.	d.	d.	d.	d.	d.	d.	d.
1782	-	-	83 0	-	83 2	-	-	-	-	-	-	10 a	17	11 a	20	-	-	-	-
1783	-	-	83 2	-	82 8	-	-	-	-	None.	-	5 12	2 6	2 6	6 1	-	-	-	-
1784	-	-	82 8	-	-	-	-	-	-	-	-	4 8 1	2 6	2 6	6 1	-	-	-	-
1785	-	-	84 8	-	-	-	-	-	-	-	-	3 5 1	2 4	2 4	4 1	-	-	-	-
1786	-	-	84 8	-	-	-	-	-	-	-	-	2 4 1	3 5	3 5	5 1	-	-	-	-
1787	-	-	84 8	-	-	-	-	-	-	-	-	2 4 1	2 4	2 4	4 1	-	-	-	-
1788	-	-	84 8	-	77 6	-	-	-	-	-	-	3 4 1	2 4	2 4	4 1	-	-	-	-
1789	-	-	70 6	-	77 0	-	-	-	-	-	-	2 4 1	2 4	2 4	4 1	-	-	-	-
1790	-	-	77 0	-	-	-	-	-	-	-	-	2 4 1	2 4	2 4	4 1	-	-	-	-
1791	-	-	77 0	-	86 0	-	-	-	-	2 1 a	4 1	2 4	4	-	-	2 1 a	4 1	-	-
1792	-	-	92 6	-	103 6	-	-	-	-	-	-	2 4 1	2 4	2 4	4 1	-	-	-	-
1793	-	-	103 6	-	105 6	-	-	-	-	-	-	2 4 1	2 4	2 4	4 1	-	-	-	-
1794	-	-	103 6	-	100 6	-	-	-	-	-	-	2 4 1	2 4	2 4	4 1	-	-	-	-
1795	-	-	100 6	-	99 6	-	-	-	-	-	-	3 5	3 5	3 5	6 1	-	-	-	-
1796	-	-	101 6	-	102 6	-	-	-	-	-	-	4 7	5 2	5 2	8 1	-	-	-	-
1797	-	-	102 6	-	-	-	-	-	-	-	-	6 1	9	7 1	12	-	-	-	-
1798	102 6	-	98 0	-	-	-	100 0	-	-	-	-	8 13	11 1	16	-	-	-	-	-
1799	-	-	102 0	-	104 0	-	-	-	-	-	-	10 15	4	7	-	-	-	-	-
1800	-	-	104 0	-	110 0	-	-	-	-	-	-	4 8	4	8 1	-	-	-	-	-
1801	-	-	110 0	-	111 6	-	-	-	-	-	-	4 8	3 6	3 6	6 1	-	-	-	-
1802	114 6	-	113 6	-	-	-	115 6	-	-	-	-	3 6 1	2 7	2 7	7	-	-	-	-
1803	-	-	115 6	-	-	-	-	-	-	-	-	2 7	4 8	4 8	8	-	-	-	-
1804	-	-	115 6	-	-	-	-	-	-	-	-	4 8	8	7	-	-	-	-	-
1805	-	-	113 0	-	122 6	-	-	-	-	-	-	3 7	4	8	-	-	-	-	-
1806	128 6	-	124 6	-	-	-	128 6	-	-	-	-	4 8	8	-	-	-	-	-	-
1807	-	-	128 6	-	-	-	-	-	-	-	-	4 8	8	-	-	-	-	-	-
1808	-	-	118 6	-	120 6	-	-	-	-	-	-	4 8	10	16 24	-	-	-	-	-
1809	-	-	120 6	-	128 6	-	-	-	-	16 24	-	4 10	3	8	-	-	7 13	-	-
1810	-	-	128 6	-	174 0	-	-	-	-	-	-	7 13	3	8	-	-	-	-	-
1811	174 0	-	171 6	-	-	-	155 6	-	-	-	-	4 9	4	8 1	-	-	4 7	-	-
1812	-	Uncertain	-	-	139 6	-	131 6	-	-	-	-	2 7	4	8 1	-	-	-	-	-
1813	-	-	140 6	-	-	-	-	-	-	-	-	5 14 1	10 26	-	-	-	-	-	-
1814	164 6	-	174 6	-	-	-	168 6	-	8 26	-	-	22 26	12 26	-	-	20 60	-	-	-
1815	148 6	-	152 0	-	-	-	136 6	-	-	-	-	12 28	10 21	-	-	-	-	-	-
1816	-	-	136 6	-	102 6	-	-	-	-	-	-	10 17	8 14	-	-	-	-	-	-
1817	97 0	-	103 0	-	-	-	97 0	-	6 13	-	-	7 13	6 9	-	-	6 10	-	-	-
1818	99 0	-	91 6	-	-	-	92 6	-	5 10	-	-	9 14	-	-	-	7 12	-	-	-
1819	77 0	-	81 0	-	-	-	77 6	-	6 12	-	-	5 11	4 9	-	-	5 11	-	-	-
1820	77 0	-	81 0	-	-	-	77 6	-	5 10	-	-	5 10 1	-	-	-	3 8	-	-	-
1821	77 6	-	80 6	-	81 6	-	-	-	3 8	-	-	2 7	-	-	-	3 7 1	-	-	-
1822	80 6	-	81 0	-	-	-	98 6	-	3 7 1	-	-	-	-	-	-	3 8	-	-	-
1823	98 6	-	108 6	-	113 6	-	93 6	-	3 8	-	-	3 8	2 7 1	-	-	2 7 1	-	-	-
1824	88 6	-	90 6	-	88 6	-	88 6	-	2 7 1	-	-	2 7 1	2 7	-	-	2 7	-	-	-
1825	108 6	-	103 6	-	98 6	-	91 6	-	2 7	-	-	2 7 1	3 8	-	-	4 10 1	-	-	-
1826	91 6	-	88 6	-	81 6	-	83 6	-	3 9	-	-	3 9	2 7 1	-	-	3 7 1	-	-	-
1827	83 6	-	83 6	-	88 6	-	78 6	-	3 7 1	-	-	3 7	2 6 1	-	-	2 6 1	-	-	-
1828	78 6	-	78 6	-	73 6	-	75 6	-	2 6 1	-	-	2 6	2 6	-	-	2 6	-	-	-
1829	76 6	-	81 6	-	79 6	-	75 6	-	2 6 1	-	-	2 7 1	2 6 1	-	-	2 6 1	-	-	-
1830	75 6	-	75 6	-	75 6	-	78 0	-	2 7	-	-	2 6 1	2 6	-	-	2 6	-	-	-
1831	79 0	-	78 0	-	77 6	-	74 6	-	2 6	-	-	2 6	2 6	-	-	2 6	-	-	-
1832	74 0	-	74 0	-	77 6	-	74 6	-	2 6	-	-	2 6	2 6	-	-	2 6	-	-	-
1833	74 6	-	74 6	-	74 6	-	76 6	-	2 6	-	-	2 6 1	2 6	-	-	2 7	-	-	-
1834	76 0	-	77 0	-	78 6	-	80 6	-	3 7	-	-	3 7	3 7	-	-	3 7 1	-	-	-
1835	80 6	-	88 6	-	90 6	-	90 6	-	3 8	-	-	3 8	3 8	-	-	3 8	-	-	-
1836	102 6	-	107 0	-	130 0 a	132 0	107 0	-	4 8	-	-	3 8	4	-	-	4 9	-	-	-
1837	97 0	-	97 0	-	82 0	82 6	92 0 a	92 6	2 8	-	-	2 8	2 8	-	-	2 8	-	-	-
1838	89 0 a	89 6	94 0 a	94 6	-	-	-	-	2 7 1	-	-	2 8 1	-	-	-	2 8	-	-	-

WHALEBONE, Northern.										WHALEBONE, South Sea.									
Year.	Per Ton.								Duty.	Per Ton.								Duty.	
	£	£	£	£	£	£	£	£		£	£	£	£	£	£	£	£		
1782	-	-	230 a 265	200 a 260	-	-	-	-	Free	-	-	None	-	-	-	-	-	Free	
1783	200 a 260	150	200	-	-	153 a 225	-	-	-	-	-	-	-	-	-	-	-	-	
1784	145	200	120	150	-	-	160	190	-	-	-	-	-	-	-	-	-	-	
1785	-	-	140	195	120	155	-	-	-	-	-	-	-	-	-	-	-	-	
1786	130	150	100	120	-	-	160	210	-	-	-	-	-	-	-	-	-	-	
1787	180	-	195	200	-	-	180	190	-	135 a 155	160 a 180	-	-	-	140 a 160	-	-	-	
1788	-	-	170	180	140	150	-	-	-	120	140	130	160	-	-	90	110	-	
1789	-	-	125	135	130	140	-	-	-	-	-	80	100	70 a 85	-	-	-	-	
1790	-	-	130	150	200	210	-	-	-	-	-	70	80	100	110	-	-	-	
1791	170	180	150	180	-	-	200	220	-	-	-	90	95	100	110	-	-	-	
1792	-	-	200	220	250	300	-	-	-	100	110	100	120	-	-	90	100	-	
1793	-	-	270	300	230	240	-	-	-	90	110	130	150	-	-	80	110	-	
1794	-	-	200	230	130	140	-	-	-	80	110	104	120	85	105	106	120	-	
1795	130	150	160	180	-	-	150	-	-	-	-	100	120	110	130	-	-	-	
1796	-	-	150	-	115	120	-	-	-	-	-	100	110	85	100	-	-	-	
1797	-	-	115	125	80	88	-	-	-	-	-	85	100	70	76	-	-	-	
1798	-	-	90	105	80	96	-	-	3 3/4 ct. val.	-	-	70	78	75	90	-	-	3 3/4 ct. val.	
1799	-	-	80	95	75	85	-	-	-	-	-	75	80	65	70	-	-	-	
1800	-	-	75	85	70	80	-	-	-	-	-	65	70	42	52	-	-	-	
1801	-	-	80	85	65	70	-	-	-	-	-	56	60	45	50	-	-	-	
1802	-	-	65	70	50	60	-	-	-	-	-	45	50	-	-	-	-	-	
1803	50	60	Uncertain	35	40	30	35	-	Ton.	45	50	Uncertain	30	35	25	30	-	Ton.	
1804	-	-	30	35	28	30	-	-	33s. 9d.	-	-	20	25	20	28	-	-	33s. 9d.	
1805	-	-	28	40	25	30	-	-	37s. 6d.	-	-	20	28	-	-	-	-	37s. 6d.	
1806	-	-	25	30	20	25	-	-	38s. 3d.	-	-	20	28	20	22	-	-	38s. 3d.	
1807	30	25	15	25	-	30	32	-	40s. 9d.	-	-	20	28	20	22	-	-	40s. 9d.	
1808	30	32	26	28	-	35	40	-	-	-	-	20	22	28	29	-	-	-	
1809	30	40	55	60	50	55	60	40s. 0d.	-	20	22	30	32	-	-	25	30	40s. 0d.	
1810	70	75	80	90	75	80	Uncertain	-	-	-	-	33	40	None	-	-	-	-	
1811	-	-	30	40	35	40	-	-	-	22	28	30	32	-	-	26	30	-	
1812	-	-	40	45	65	70	-	-	-	26	30	30	32	-	-	25	30	-	
1813	-	-	68	70	150	160	-	-	47s. 6d.	26	30	65	70	-	-	75	80	47s. 6d.	
1814	-	-	150	160	70	85	-	-	-	70	85	110	115	-	-	65	70	-	
1815	85	86	78	80	110	120	90	100	-	40	42	50	52	-	-	40	42	-	
1816	85	90	52	55	-	75	78	-	-	40	42	45	46	30	32	50	52	-	
1817	70	73	55	60	80	84	75	80	-	50	-	40	-	50	-	40	-	-	
1818	75	80	63	65	122	125	118	120	-	40	-	30	-	70	-	60	-	-	
1819	108	110	84	86	123	125	68	70	-	40	-	55	-	30	-	40	-	-	
1820	72	73	92	93	58	59	63	64	-	40	-	60	-	40	-	45	-	-	
1821	65	-	88	90	70	71	75	80	-	45	-	50	-	-	-	40	45	-	
1822	85	90	120	130	-	220	230	-	-	60	-	70	80	-	-	116	128	-	
1823	220	-	200	-	210	-	160	-	-	120	-	100	-	130	-	-	-	-	
1824	110	120	95	100	145	-	200	220	-	-	-	75	-	100	-	150	-	-	
1825	210	-	250	-	210	-	280	-	-	150	-	150	-	130	-	180	-	-	
1826	260	-	250	-	230	-	260	-	20s. 0d.	190	-	160	-	150	-	180	-	20s. 0d.	
1827	260	-	260	-	280	300	160	-	-	190	-	200	-	210	-	120	-	-	
1828	210	-	230	-	230	-	212	-	-	170	-	180	-	160	-	140	-	-	
1829	215	-	220	-	220	240	215	-	-	180	-	170	-	135	-	135	-	-	
1830	180	200	180	200	185	-	350	400	-	-	-	125	150	120	-	210	250	-	
1831	875	-	350	-	240	250	250	-	-	220	-	160	-	120	-	95	-	-	
1832	180	-	180	-	180	-	110	-	-	140	-	140	-	105	-	70	80	-	
1833	120	125	140	-	160	-	120	140	-	70	80	85	95	120	-	90	100	-	
1834	140	-	135	145	130	140	140	-	-	90	100	90	95	100	-	100	105	-	
1835	145	-	155	160	160	-	300	-	-	100	105	96	110	110	112	200	-	-	
1836	270	-	240	-	260	280	280	300	-	175	-	145	-	120	-	180	-	-	
1837	280	-	260	-	215	220	260	270	-	160	170	160	-	120	130	180	185	-	
1838	260	-	280	-	-	-	-	-	-	175	-	120	-	-	-	-	-	-	

WOOL (Sheep's), Spanish Leonese.											WOOD.—Jamaica Logwood.										
Year.	Per lb.										Duty.	Per Ton.									
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.		s. s.	s. s.	s. s.	s. s.	s. s.	s. s.	s. s.	s. s.	s. s.	Duty.
1782	-	-	-	3 0	3 6	3 1	3 8	-	-	-	Not stated.	-	-	11 0	11 10	9 0	9 10	-	-	-	Free.
1783	-	-	-	3 3	3 7	3 7	3 10	-	-	-	-	-	-	7 0	-	10 0	10 10	-	-	-	-
1784	-	-	-	3 8	3 9	3 0	3 7	-	-	-	-	-	-	12 10	12 0	8 10	9 10	-	-	-	-
1785	-	-	-	3 0	3 9	3 2	3 10	-	-	-	-	-	-	11 0	11 10	6 0	6 10	-	-	-	-
1786	-	-	-	3 1	3 10	2 9	3 9	-	-	-	-	-	-	6 10	7 0	5 10	6 0	-	-	-	-
1787	-	-	-	2 9	3 10	-	-	-	-	-	-	-	-	6 0	6 10	5 10	6 0	-	-	-	-
1788	-	-	-	3 4	3 10	-	-	-	-	-	-	-	-	5 10	6 0	5 5	6 15	5 0	5 0	-	-
1789	-	-	-	3 4	3 10	-	-	-	-	-	-	-	-	5 10	6 0	4 0	4 10	-	-	-	-
1790	-	-	-	3 3	3 10	-	-	-	-	-	-	-	-	4 10	5 0	6 10	7 0	-	-	-	-
1791	-	-	-	3 6	3 9	3 11	-	-	-	-	-	-	-	6 10	-	5 15	-	-	-	-	-
1792	-	-	-	4 6	4 10	3 7	4 10	-	-	-	-	-	-	5 5	-	6 10	-	-	-	-	-
1793	-	-	-	4 6	4 10	3 9	4 10	-	-	-	-	-	-	6 0	-	6 10	-	-	-	-	-
1794	3 8	4 0	-	3 6	3 10	-	-	3 8	4 0	-	-	-	-	8 0	-	11 0	12 0	-	-	-	13s. 4d.
1795	-	-	-	3 6	4 0	-	-	-	-	-	-	-	-	11 0	12 0	16 0	16 10	-	-	-	-
1796	-	-	-	3 8	4 3	3 8	4 0	-	-	-	-	-	-	14 0	16 0	13 0	14 0	-	-	-	-
1797	-	-	-	3 10	4 4	-	-	-	-	-	-	-	-	13 0	14 0	12 0	13 10	-	-	-	-
1798	-	-	-	3 10	4 4	-	-	-	-	-	-	-	-	14 0	15 0	40 0	41 0	-	-	-	-
1799	4 0	4 9	-	5 0	5 1	-	-	4 9	-	-	-	-	-	49 0	50 0	12 0	15 0	-	-	-	-
1800	-	-	-	4 0	4 9	4 7	5 4	-	-	-	-	-	-	19 0	20 0	-	-	-	-	-	-
1801	-	-	-	5 1	5 4	5 9	6 0	-	-	-	-	-	-	18 10	19 0	14 10	15 10	-	-	-	-
1802	-	-	-	5 9	6 0	5 10	6 3	-	-	-	-	-	12 0	14 0	0 11	0 13 0	-	-	18 0	19 0	-
1803	-	-	-	5 10	6 0	6 3	6 6	-	-	-	-	-	20 0	21 0	24 0	25 0	-	-	12 0	14 0	15s. 6d.
1804	-	-	-	6 6	6 9	-	-	-	-	-	-	-	23 0	24 0	0 17	0 18 0	-	-	19 0	21 0	6s. 10d.
1805	-	-	-	6 6	6 9	6 7	6 9	-	-	-	-	-	20 0	21 0	23 0	24 0	-	-	16 0	17 0	7s.
1806	-	-	-	6 7	6 9	-	-	-	-	-	-	-	16 0	17 0	0 18	0 19 0	-	-	14 0	15 0	-
1807	-	-	-	6 7	6 9	-	-	-	-	-	-	-	-	14 0	15 0	0 10	0 11 0	-	-	-	-
1808	-	-	-	6 7	6 9	10 0	10 6	-	-	-	-	-	10 0	11 0	17 0	18 0	-	-	14 0	15 0	7s. 6½d.
1809	13 0	14 0	22 0	26 4	-	-	-	13 0	15 0	-	-	-	-	14 0	15 0	0 15	0 16 0	-	-	-	-
1810	-	-	-	13 0	14 0	7 0	8 0	-	-	-	-	-	27 0	28 0	37 0	38 0	-	-	16 0	17 0	-
1811	-	-	-	7 0	8 0	8 0	9 6	-	-	-	-	-	-	16 0	17 0	0 12	0 13 0	-	-	-	-
1812	-	-	-	8 6	10 0	8 6	9 6	-	-	-	-	-	12 0	13 0	0 13	0 14 0	-	-	10 0	11 0	-
1813	-	-	-	8 6	9 6	8 0	9 0	-	-	-	-	-	13 0	15 0	0 10	0 10 10	15 0	-	19 0	20 10	9s. 1½d.
1814	-	-	-	8 0	9 0	7 0	8 0	-	-	-	-	-	21 0	22 0	0 22	0 23 0	-	-	15 0	16 0	-
1815	-	-	-	7 6	8 0	6 0	7 0	-	-	-	-	-	-	14 0	15 0	0 9	0 10 0	-	-	-	-
1816	-	-	-	6 0	7 0	-	-	-	-	-	-	-	8 10	9 10	6 0	6 10	-	-	7 0	7 5	-
1817	-	-	-	6 0	7 0	-	-	-	-	-	-	-	8 0	-	7 0	-	-	-	8 5	8 10	-
1818	-	-	-	6 0	7 0	6 0	6 9	-	-	-	-	-	8 0	-	9 0	-	7 5	-	8 0	-	9s. 2d.
1819	-	-	-	6 0	6 9	4 0	5 0	-	-	-	-	-	-	7 10	8 0	5 0	6 0	-	-	-	-
1820	5 0	5 2	3 0	5 0	5 0	4 0	4 6	3 6	4 3	6d. ½ lb.	-	5 0	6 10	5 10	6 0	-	-	6 0	6 10	-	-
1821	3 0	4 6	3 3	4 0	2 6	3 6	3 0	4 6	-	-	-	6 10	6 15	-	-	-	-	9 0	9 15	-	-
1822	3 0	4 6	3 6	5 0	3 0	4 0	3 3	4 6	-	-	-	9 5	9 10	10 0	10 10	8 10	9 9	7 10	8 0	-	-
1823	4 0	4 6	4 0	4 6	3 9	4 6	3 9	4 6	-	-	-	7 10	8 0	9 10	10 10	7 10	8 10	8 0	8 15	-	-
1824	3 6	4 3	3 3	4 2	3 3	4 2	3 1	0	-	-	-	9 0	-	9 0	-	7 10	8 0	7 0	7 5	-	-
1825	3 3	4 6	3 6	4 6	3 3	4 6	3 3	4 6	-	1d. ½ lb.	-	8 0	8 5	9 0	10 0	7 0	7 10	7 0	-	-	-
1826	3 3	4 6	3 0	4 6	2 9	4 0	2 6	3 0	-	-	-	7 0	-	6 10	-	5 10	5 15	6 0	6 5	-	-
1827	2 6	3 6	2 6	3 6	2 6	3 6	2 6	3 6	-	-	-	5 15	6 10	6 10	6 15	6 0	6 6	6 0	6 6	-	-
1828	2 6	3 6	2 6	3 6	2 0	3 0	2 0	3 0	-	-	-	5 15	6 0	6 0	6 5	6 0	6 10	6 10	6 15	-	-
1829	2 0	3 0	2 0	3 0	2 0	2 9	2 0	2 9	-	-	-	6 10	-	6 10	7 0	6 12	6 17	5 15	6 0	-	-
1830	2 0	2 9	2 0	2 9	2 0	2 9	2 6	3 0	-	-	-	-	-	5 17	6 2	6 0	6 5	6 0	6 5	-	-
1831	2 6	3 0	2 3	3 0	2 3	3 0	2 3	3 0	-	-	-	6 0	6 5	6 5	6 7	6 0	6 6	6 0	6 2	-	-
1832	2 3	3 0	2 0	2 9	2 0	2 9	2 3	2 9	-	-	-	6 5	6 10	6 10	7 0	5 17	6 0	5 15	6 0	-	-
1833	2 3	2 9	2 3	2 9	2 6	3 0	2 6	3 6	-	-	-	5 15	-	5 10	6 0	5 15	6 0	5 15	-	-	-
1834	2 6	3 6	2 6	4 0	2 6	3 9	2 6	3 3	-	-	-	5 15	-	5 15	-	5 0	5 10	4 15	5 0	-	-
1835	2 6	3 0	3 0	-	3 0	-	3 0	-	-	-	-	5 0	-	5 2	-	4 15	5 0	4 10	4 15	-	-
1836	3 0	-	3 0	-	2 9	3 0	2 9	3 2	-	-	-	5 0	5 10	5 0	5 5	5 0	5 12	6 15	7 5	-	-
1837	2 9	3 2	2 6	3 0	2 2	2 8	2 2	2 8	-	-	-	6 10	7 0	6 0	6 10	6 0	6 5	6 5	6 10	-	-
1838	2 2	2 8	2 3	2 8	-	-	-	-	-	-	-	7 0	7 5	6 15	7 0	-	-	-	-	-	-

THE END.

